

# BLACK ENTERPRISE

THE NATION'S LARGEST BLACK BUSINESSES

<http://www.blackenterprise.com>

June 1998

*The*  
**1998**  
**B.E.**  
**100s**  
The Top

- 100 Industrial Companies
- 100 Auto Dealerships
- 25 Banks & Thrifts
- 20 Advertising Agencies
- 15 Investment Banks
- 10 Insurance Firms

## DETROIT

*A Business Renaissance In Motown*

**THE DOW AT 10000?**  
**Don't Let The Stock**  
**Market Pass You By**

COMEBACK IN THE MOTOR CITY  
(Clockwise from bottom left)

Detroit Mayor Dennis Archer With B.E. 100s CEO  
Dave King, Pamela Rodgers, Mel Farr and Carlotta Dodd

\$3.95 US \$4.95 CAN  
UK £2.50 R19.95

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You could spend more for  
an equally beautiful piece of art.  
But Rembrandts  
have lousy pickup.

Michelangelo. Cézanne. Van Gogh. Mercedes. All certainly can  
be admired from afar. But only one can truly be admired from  
within. And once inside, enveloped in soft leather and listening  
to the smooth sounds of an 8-speaker Bose® sound system, you



AIR BAGS ARE A SUPPLEMENTAL RESTRAINT SYSTEM, SO REMEMBER AIR BAG SAFETY: BUCKLE EVERYONE AND CHILDREN IN BACK!  
© 1998 Mercedes-Benz of North America, Inc., Montvale, N.J., Member of the Daimler-Benz Group.

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# The black wealth imperative

[illegible]

**We must focus on education, equity, enterprise and excellence.**

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BLACK  
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Clearly, not everyone is willing or able to make the sacrifices necessary to succeed as entrepreneurs. However, the vast majority of us, through options such as 401(k) plans, dividend reinvestment plans, investment clubs, as well as brokerage firms, can profit through ownership of successful companies by investing in the stock market.

We must resolve, once and for all, to stop measuring our wealth by the size of our paychecks, and focus on the size and quality of our investment portfolios. Wealth is not defined by income, but by net worth—the difference between what you own and what you owe. Starting today, we must share every expenditure as an investment that will either appreciate or depreciate in value as time goes by. That means saving—not spending—more of our income, and investing as much of it as we possibly can. The black wealth imperative requires that we focus our attention and our energies not just on satisfying our consumer appetites, but on building a diversified portfolio of investments of lasting value—including stocks, bonds and mutual funds—that will increase our individual and collective net worth. It is clear that the entrepreneurial spirit will be another key to wealth-building as we march toward the next century. But it is not enough to have more black-owned businesses. Our objective must be to establish and support healthy, growing, profitable enterprises able to thrive in an increasingly competitive global marketplace. As asserted in the BE Board of Economists Report in this issue, the social benefit of increased black business ownership—jobs, economic development, increased community resources—cannot be realized by businesses that are losing money. As Mel Farr, chief executive of the Mel Farr Automotive Group, No. 1 on the BE AUTO DEALER 100, says, "The difference between a businessperson and a merchant is that a businessperson is anyone in business, while a merchant is in business to make a profit. We have to do more than just go into business. We must be merchants." We must be committed to total quality in our businesses—in production, in customer service, marketing and every aspect. The black wealth imperative requires no less.

The last cornerstone—and the most important—is a commitment to personal excellence. We must refuse to accept anything less than the best from ourselves as entrepreneurs, executives and professionals, as the decision-makers in our businesses, our families and our communities. This does not mean that we should condemn failure, but we must absolutely condemn anything less than persistent, faithful effort and a refusal to surrender until objectives are achieved. This is the common denominator of our 1998 BE Companies and deliver—the best from ourselves and each other. As we prepare to enter a new century, whatever difficulties we endure as African Americans will not be due to a lack of resources, but to our failure to effectively manage the resources we have, resources that are significantly greater—by every measure—at the end of this century than they were at the beginning. By building on the phenomenal achievements of this last century, we can assure ourselves of a millennium worth waiting for. Let's dedicate the 21st century to building wealth and leveraging it toward the accumulation of power and influence in the business of our nation and our world.

Carl J. Stokes

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**B.E. 100s**

## The reclaiming of BET

*Bob Johnson comes full circle as he takes media company private once again*

**S**uccess buys freedom. It means freedom to do as you please, on your own terms and without having to answer to anyone. And if BET Chairman and CEO Bob Johnson and longtime partner Liberty Media Corp. are successful in their second bid to buy back 6 million shares of BET Holdings Inc., that's exactly what they'll have.

Last September, Johnson and Liberty, a subsidiary of TeleCommunications Inc., offered stockholders \$48 per share, a 17% premium over the stock's trading price at the time. Minority stockholders not only declined the offer, but filed a class action suit against Johnson, TCI head John Malone and other BET board members.

But how things have changed. Johnson came back and sweetened the deal to \$63 per share, a 31% increase over the original offer. This last bid apparently did the trick. "I think the large shareholders I talked to are very pleased with the price," says Johnson. An independent committee that consisted of just one member, National

Public Radio President Delano Lewis, has also endorsed the latest offer, as well as the investment banking firm Goldman Sachs. "The proposal now goes before the minority shareholders. If a majority of those shareholders approve the \$63 buy-out proposal, the company will once again be a privately held corporation, held 65% by me and approximately 35% by Liberty Media," says Johnson.

By press time, the stock was trading at \$61.13, almost double what it was before the first failed bid. "It's a very substantial rate on our investment," notes Nate Chapman, who recently took his own Baltimore-based firm, the Chapman Co., public. "Johnson saw his company was undervalued, based on where it was trading in the market, and took steps to realize the value and maximize shareholder return."

Johnson did take BET public in 1991 for much the same reason. "We wanted to put a value on the company," he recalls. "When you have an African American-owned company, sometimes there's a discount of true value. By going public, we were able to establish a value in the minds of the marketplace, investors, bankers and everyone else." It also enabled him to raise capital, grow the company and expand the cable business. "Fast forward to 1998, and we've got a good sense



of the value of the company," observes Johnson. "It's well established as a business, well respected on Wall Street and by the banking community and lending institutions."

What's not to respect? Today, BET Holdings Inc. includes three additional cable channels, the BET SoundStage restaurant, *BET Weekend*, *Emerge* and its most recent acquisition, *Heart & Soul* magazine. The BET Jazz channel is now seen in Japan and became available in Poland and Spain in April. Slated to open in June are a music-themed BET on Jazz restaurant in downtown Washington, D.C., and a dance/entertainment club—BET SoundStage Club—on Disney's Pleasure Island.

Now Johnson's ready to shed the limitations public companies must cope with when they have to worry about those pesky quarterly earnings. He says now he can focus on long-term value growth strategies. By going private, "We can put our dollars into investments and programming strategies that may not yield short-term earnings, but that we believe will yield tremendous long-term value for the company." He anticipates the buyback process will be complete in July.

—Joyce Jones

### WORDS IN THE NEWS

#### Bond to chair NAACP



*"Wherever race is discussed in America, in the Oval Office, in the CEO's office, in the state Capitol, in city hall or in the corner barber shop, I want the NAACP's voice to be heard..."*

*I want [people] to say, 'What does the NAACP think about this?'"*

—Julian Bond, longtime civil rights activist and recently appointed chairman of the NAACP

# Newspoints

Deals, trends and people

## FINANCIAL NEWS

### Courting the bull market

*Nathan Chapman takes his investment firm public*

As one of the largest black-owned investment and brokerage firms, Baltimore-based the Chapman Co. has had many notable firsts. But in February the firm broke historic ground, becoming the first and only publicly traded African American brokerage firm. Its new ticker symbol, CMAN, is now firmly entrenched on the Nasdaq small-cap market.

Nathan A. Chapman Jr., the 40-year-old founder and president of the securities firm, retained a 62% ownership stake in the company following the public offering in February. The offering raised \$8 million as Chapman sold over a million shares at \$8 per share. The stock, 5% of which is targeted to company employees, recently traded at \$9.75; Chapman's personal stake in the company jumped to \$18 million overnight.

"The time was right for us to go public because we're fully developing our domestic emerging market strategy," says Chapman. "We want to utilize this capital to help take other minority firms public. The capital also gives us the capacity to do larger public and government-financed transactions."

Chapman's emerging market strategy targets businesses run by African Americans, Latinos, Asians and women as holdings in its funds. These concerns will also be the primary target of Chapman's efforts to win their investment banking business.

Though the Chapman Co. may have been the first black-owned Wall Street firm to go public, it likely won't be the last. As a number of African American brokerage firms and investment banks develop new markets and broaden

Co. has an even tougher mandate to keep growing the business now that its stock price is largely dependent on the company's performance. "The true test will be how well the stock performs. That's what Wall Street wants to see," says Owen May, chairman of the May, Davis Group, a black-owned investment bank and brokerage house based in Baltimore.

The Chapman Co. was the self-underwriter for the offering, with participation from other majority- and minority-owned firms including Smith Barney Asset Management and Boston-based Wellington Capital Management.

Chapman says now that he's taken the firm public, he's exploring merging with or acquiring other broker dealers. The company plans on doing eight to 10 IPOs this year. In

March, Chapman launched its Domestic Emerging Market Equity Fund, an open-ended fund that will be marketed in a load and no-load version and included as an option in deferred compensation plans.

"I believe the Chapman Co. is going to serve as an example to other minority companies to consider the public capital market," says Chapman. "Now we get to play the game the way the majority firms do."

—Kimberly Seals McDonald



**When Chapman took his firm public, the offering raised \$8 million overnight**

their businesses into capital investment areas like corporate finance and initial public offerings (IPOs), more firms are likely to tap the capital markets for money to further expand their firms.

Though the stock has been thinly traded at the outset, Chapman hopes that as analysts begin to cover the company, the stock price will begin a steady trek upward.

For the 10 months ending October 31, Chapman reported revenues of \$2.5 million, a 31% increase from the same period a year ago. Net income for the first 10 months of 1997 was \$314,000, compared to \$95,000 over the same period the previous year.

One thing is certain—the Chapman

EDITED BY

Eric L. Smith

# ABOUT THIS ISSUE

It's June, then it must be time for our Annual Report on Black Business, featuring our BE 100s. As you've come to expect every June, this issue contains the numerous lists and features spotlighting the largest black-owned companies from the world of industrial service, auto sales, financial services and, for the first time since 1973, advertising.

But an issue of this size and magnitude doesn't put itself together by magic. The art of strategically combining 350 pages of editorial and advertising pages falls largely on the broad shoulders of our production department, headed by Production Director Alex Sormani and Production Manager Clarence E. Miles. This duo, working in conjunction with Production/Advertising Assistant Felicia Kinscy, Editorial Business Coordinator Arletha Allen Vickers and Desktop Publishing Specialist Nancy Brown, is responsible for seeing that the combined efforts of the editorial, art and advertising teams makes its way safely into your hands.

"We're the last stop—the last set of eyes to see the book before it gets shipped out the door," says Sormani. "If anything happens after that stage, it's a disaster." Miles adds that the sheer mass of the June book (an average 350-page issue can easily require up to 555,000 pounds of paper) presents obstacles unique to this issue. "Because of the BE 100s and all the lists and charts involved, it cuts a bit closer to the schedule. The book really gets out the door at the 11th hour," says Miles.

So what's the final result? Well, this issue profiles Detroit. The economic rebirth being experienced in Motown, once synonymous with urban blight, is now drawing investors and small businesses back to town. We take a look at the economic development, rising commercial growth and employment expansions taking place in the city and examine what opportunities are arising for black-owned businesses.

Several of our editors got a chance to take in the Detroit renaissance in person. Business News Editor Eric Smith traveled to Motown to interview David Bing, CEO of our Company of the Year, the Bing Group. "I think Bing's influence and presence has played a vital role in the development of Detroit over the last several years," says Smith. "What surprised me about Bing was despite all he's accomplished in both athletics and business, he still has this quiet, reserved air about him. I think he's learned you don't have to be loud or brash to be taken seriously or be successful in his industry."

Careers Editor Cassandra Hayes was dispatched to the

community of Southfield, Michigan, to interview Don Coleman, CEO of our Advertising Agency of the Year. "In an age when so many general market advertising agencies are moving in on the ethnic market, I found it ironic, but also telling that from his 18th floor headquarters Coleman can literally 'look down' on the competition," says Hayes.

Technology Editor Tariq K. Muhammad traveled to Dallas to interview Auto Dealer of the Year Richard Davis. "His can-do attitude has infected his employees,"



The "Crunch Time Crew"—Miles, Kinscy, Allen Vickers, Sormani and Brown (not pictured)—is the last line of defense before press time.

Muhammad reports, "and sparked the triple-digit growth of his automotive concern."

Senior Editor Marjorie Whigham-Désir stayed in New York to interview Financial Company of the Year CEO Ron Blaylock. Whigham-Désir found that Blaylock is very much a team player. "Blaylock & Partners are in acquisition mode. He spends most of his time on the trading floor or in meetings when he's in the office, and he's pushed plaques of his deals and other mementos into a corner of his personal office to make space for Milt Irvin, the new COO. That's a pretty magnanimous gesture; he wants Irvin to be seen as second in command."

Beyond the universe of the BE 100s, other features include a careers piece examining the pros and cons of the lucrative consulting field as told by African Americans working at some of the leading firms across the country. And for those intrepid entrepreneurs searching for lucrative business opportunities, we lay out the risks and rewards of staking a claim in commercial real estate development.

So as we continue our steady march toward the next millennium, we hope you'll take the trek with us as we chart the course and prosperity of the nation's largest black-owned businesses. Their success means success for us all.

—The Editors

I see myself

slipping

into tailored

shades

of creme.



Moving to the rhythm of a new 290hp V8 engine. Traveling more often to nowhere. I see myself driving the new



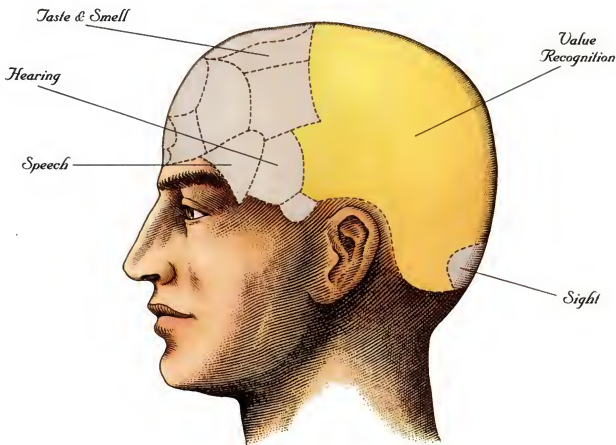
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# Letters



## THE DIGERATI

I would like to congratulate **BLACK ENTERPRISE** for addressing the topic of blacks in the digital revolution ["The Black Digerati," March 1998], beginning with the most important phrase of the article, "Contrary to popular belief..."

As an Internet consultant, I attend various Internet training sessions and conferences and constantly run into plenty of talented black professionals in the Web industry working for very large and creative outfits. I'm tired of hearing the myth that "there are not enough blacks on the Internet" or "blacks are not technically inclined to be Web masters"—especially coming from our own people.

There are unlimited avenues of opportunity in the Internet field. The Internet does not require a significant amount of tangible resources to establish a mail-order business, provide customer-service support for existing operations or run an online magazine. There are countless stories of people who started Internet operations in their bedrooms and in just a few months [built businesses] valued at several million dollars (this is very possible if you know how to run an efficient online mass marketing campaign). Also, with new technology, such as WebTV Plus and hand-held

and auto PCs, there are plenty of development opportunities on the horizon, based on one's ability to create innovative solutions. For example, an African American recipe or a black hair and beauty channel on the WebTV Plus network would be an instant success because, currently, there are no easily accessible venues for these markets today.

Since this work is often self-taught and the average starting salary for an Internet consultant is \$55,000, there is no reason why our young adults or college students shouldn't be able to take advantage of this new and fast-growing industry. The demand for Internet consultants is so high that it is not unusual for a recent college graduate to get a job offer that includes a salary of over \$60,000, a 15% signing bonus, all basic benefits and even a half-year salary bonus after three years on the job!

Ed Dunn  
International Black Index  
Source Directory  
Chicago  
edunn@blackindex.com

## HIGH PRAISE

I am currently 37,000 feet in the air on my way to Johannesburg, South Africa, reading one of the greatest gifts ever given to me by my father: **BLACK ENTERPRISE** magazine.

I've been reading **BE** each month from cover to cover since I was in high school in Chicago. It has been a motivating educational force that has assisted me through my college days at Morehouse and through my graduate school experiences at Clark Atlanta University.

Your staff has constantly given me, time and time again, articles that have enlightened me to the diversity of our culture as it relates to business. I just want to take a few moments out of my usually busy schedule and say thank you, thank you, thank you for existing. Keep up the excellent work.

Michael L. Bennett II  
Irving, Texas

I would like to thank you for the outstanding job you are doing in providing information on many financial topics. One series of articles has really caught my eye: the Business Plans series in the Enterprise section. [The series began in the September 1997 issue.]

You were able to break down the procedures of putting together a business plan in a way that anyone could understand. With your help, I am close to finishing my plans for a convenience store I will open next year.

Many African Americans depend on you for up-to-date information, and you are serving us well. Again, thank you, and keep up the good work.

Rae Dionne  
Pittsburgh

**Editor's note:** Readers who missed all or part of our eight-part Business Plans series can fill in the blanks by calling 212-242-8000, ext. 568, to order back issues (September 1997 to April 1998) containing the articles.

## DOUBLE TIME

Thank you for your article "Working Double Time" [February 1998]. It was long overdue. Seldom do you hear stories about people who love their job; you managed to find people who have two jobs or careers—parallel careerists—and enjoy them.

I think it is very important that you enjoy your job or career, and that your performance should be as if the company you work for were your own. I work in the campus service division of my company, holding two positions: human resources manager and location manager. Also, I am a radio announcer at two stations, one AM and the other FM.

As a parallel careerist, I enjoy each job equally and I work very hard at them, as if I worked for my own companies. Doing this gives me a sense of ownership.

Rodney Jay Warren  
Winston-Salem, North Carolina

# Letters



## CHALLENGES MET

I'd like to applaud **BE** for your extremely thorough and insightful reported article concerning blacks with disabilities and the obstacles we encounter in obtaining and maintaining employment ["Challenged But Not Disabled," February 1998].

As a 34-year-old professional who suffered a profound hearing loss nine years ago, I can tell you firsthand that I've experienced every issue you included in your article. Prior to losing my hearing, I had earned a B.S. degree in marketing and had held internship positions with a Fortune 500 company. Subsequent to the hearing loss, I began working with Vocational Rehabilitation in Houston and was informed that I should be "retrained" because marketing was no longer suitable for me. Believe it or not, I was steered to jobs such as data entry clerk, beautician and nail technician, in spite of my degree and past experience. I finally decided to pursue a degree in accounting, but was allowed only nine months in school—VR would not pay for me to complete the degree.

A recent personal experience illustrates how individuals with physical challenges are systematically excluded from even being given the chance to simply prove themselves capable. I had

been hired as a financial assistant by a major technology company in California's Silicon Valley. Because the day-to-day requirements of this position were so routine and straightforward, the human resources department of the company was allowed to handle the entire hiring/interviewing process. I was chosen for the position and was, in fact, told by the person I was to replace that I was actually overqualified for the job. My first day, I reported to work before 8:00 a.m. and began orientation.

After discussing the average number of calls normally taken during the day—about 10—I determined that the best way to handle those calls was with [equipment] I could obtain through the local phone company free of charge. I informed human resources of my needs, and the hiring recruiter contacted the chief financial officer when he arrived just before 9:00 a.m.

Well folks, by 9:30 a.m., I no longer had a job! The CFO never even spoke to me! Never called me into his office to say, "I have concerns about this. Let's try it out for a day or two and see what happens." Nothing!

Unfortunately, after three years of searching for a permanent position here in "the Valley," I am still working as a temp/contractor. I don't wish to sing the blues here, but I feel it necessary to let you and others know that the issues discussed in your article are more commonplace than most realize. These are the things that persons with disabilities must face daily, not to mention just being black!

Thank you for bringing such a "taboo" subject out in the open for discussion and thought. I am certain that others with disabilities who have read this article will commend **BE** just as I have. And I am hopeful that those in positions of hiring and influence within the halls of corporate America will read this article and understand that change, open discussion and even compassion are still greatly needed.

Yvette Moody

San Jose, California

lvrach@worldnet.att.net

Thank you for bringing us the story on being "Challenged But Not Disabled." I have been a member of this seemingly forgotten minority group for the past 26 years.

I have been fortunate enough to complete graduate school and pursue a career providing accommodations for people with disabilities in higher education and the private sector. Along the way, I have seen far too many African Americans with disabilities give up the hope of gainful employment due to discrimination.

Because disability is rarely addressed within the black community, I was surprised and delighted to see **BE** expose its readers to the unemployment statistics that have plagued this group of African Americans for decades. Hidden in the shadows of the Americans With Disabilities Act, these individuals need the support and attention of the black business community if they are to become a part of mainstream society. Thanks to **BE**, this is now possible.

Renee Kirby  
Philadelphia

## TRAILBLAZERS

After reading the article "Blazing a Path Less Traveled" by Caroline V. Clarke in the February 1998 issue, I was greatly inspired by the story of Dr. Joyce Carter. Reading about this intelligent, beautiful African American woman making it as a successful doctor was comforting and encouraging to me.

I am a young African American woman who has been having a difficult time believing in myself. I want to be a doctor like Dr. Carter someday. By providing information and inspirational stories about African Americans who've made it, your magazine will make a great difference in the lives of young African Americans like me. The field of medicine seems to be off-limits to us, and that's probably why many African Americans don't consider medical careers.

Rujike Okunoye  
Staten Island, New York

# YOUR MONEY ? OR YOUR HEALTH ?

Since day one, the measure of good health care in America has been held hostage by a faulty equation: The most money buys the best care. The unfortunate legacy of the old fee-for-service system is it did a better job of raising costs than quality. ■ Can any system raise the quality



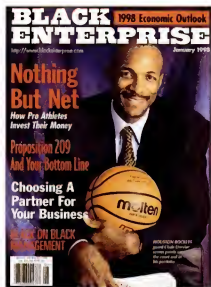
of health care for Americans while controlling its costs? We believe the answer is an unqualified yes. ■ First off, the best care cannot be defined as the most expensive or the least expensive. *It is the right care delivered at the right time.*

Ideally, it's a measure taken to prevent an illness before it ever occurs. Like an immunization, for instance. Or one that catches a disease early enough that something can be done about it. ■ That's why our women's program was the first to

cover annual mammograms for all women over 40. We know what it costs, but by treating breast cancer in its earliest stages, we also know what it can save. ■ The best care can even halt the progression of chronic disease. Our congestive heart failure program provides a cardiac nurse to educate at-risk members on the importance of taking prescribed medications, and to help them make lifestyle adjustments. The result has been a significant decline in hospitalization rates and an overall improvement in patient well-being. ■ Not coincidentally, our model of prevention, early detection and chronic disease management promotes better health, with the added value of lowering health care costs. Which in turn enables companies such as ours to provide more people than ever the best choices modern medicine can offer. And do so without offering the one choice no one should ever again have to make: Their money? Or their health?



# Letters



## PYRAMIDS & MLMs

In response to Cheryl Coward's "How to Spot a Pyramid Scheme" [February 1998], I certainly hope most readers will be able to distinguish between legitimate multilevel marketing (MLM) opportunities and illegal pyramid schemes. I'm not convinced they will be if they rely on the information as it was presented.

As Liz Doherty [of the Direct Selling Association of America] advises, compensation in a legitimate [sales operation] should be tied to product sales or service, not entry fees or recruiting. To lump together legitimate MLM companies with illegal business scams, e.g., pyramids, is reckless, in my opinion.

Unfortunately, it is this kind of reasoning that has dashed the possibility of future success for so many who otherwise would have at least considered giving MLM opportunities a try. There are legitimate business opportunities available that are MLM structured, and there are many successful African Americans in them to prove it.

James Spry  
Edison, New Jersey

**Editor's note:** It is true that multilevel marketing is a legitimate way to structure a sales operation. Unfortunately, it is also true—as we say in the article—

that many promoters of illegal pyramid schemes try to disguise their operations as legitimate MLM opportunities. A discussion of MLMs, therefore, is a necessary part of any article that defines the characteristics of pyramid schemes, with the goal of letting readers know how to tell the difference between the legitimate opportunity and the scam. We again urge our readers to contact their local Better Business Bureau and the Direct Selling Association of America (202-293-5760 or [www.dsa.org](http://www.dsa.org)) for information on legitimate MLM companies.

## HOW JOCKS INVEST

I read with enthusiasm your article on how black athletes are investing their money ["Nothing But Net," January 1998]. Many are keeping their eyes on growth, profit and security for the future. I applaud their efforts and the many who realize that they can be successful patronizing black business managers, agents and investment firms.

However, I'd like to make a basic point. I work in the agricultural field, and I see the tremendous loss of land ownership, especially farmland, by blacks. The black farmer is disappearing, and so is the land he once owned. This land loss is accompanied by a loss of pride and independence. Land ownership remains a true indicator of real wealth. I urge black athletes in all major professional sports to consider buying land as an investment.

I am talking about farmland or open land in rural America. You don't have to farm. The land can be rented or trees can be planted as a long-term investment with a very handsome return at harvest. As the population increases, land values will certainly continue to increase because the Earth is not getting any bigger. No new land is being made. What we have is what we will have.

It is not very hard to investigate the factors that will influence land and timber values over the next 15, 20 or 30 years. All indicators show an increasing value and demand for these

natural resources. Therefore, I would like to see black individuals who can afford to buy land, do so.

Clifton E. Peters  
Lorman, Mississippi  
[AGMAN12@AOL.COM](mailto:AGMAN12@AOL.COM)

## A BUSINESS TOOL

After being a part of the workforce for 15 years, I decided to subscribe to BE and immediately realized how much I had deprived myself of an education on conquering barriers to becoming successful in American business. If African Americans would divert their way of thinking and become focused on black [thought leaders] such as BE Publisher Earl Graves, instead of worshipping professional sports stars and entertainers such as vocalists and rap artists, perhaps there would be no gaps to bridge.

We, as African Americans, should be appreciative of such a unique, rare human being as Mr. Graves. Unlike most successful businessmen in America, his business is a tool for others to prosper in business, as well as in the workplace.

Johnnie M. Hurdle  
Arlington, Virginia

## CORRECTION

In "How to Set Up a Chamber of Commerce" (February 1998), we incorrectly indicated that *The Greater Philadelphia Black Pages*, a directory of black-owned businesses, was published by the African American Chamber of Commerce of Philadelphia. While the publication is the official directory of the Chamber, it is published by NPV Corp. (215-247-6500).

BE welcomes comments from our readers. Address correspondence to Letters, **BLACK ENTERPRISE**, 130 Fifth Ave., New York, NY 10011-4399. Fax: 212-886-9610; e-mail: [beletters@blackenterprise.com](mailto:beletters@blackenterprise.com). Letters should include the writer's full name, address and daytime telephone, and may be edited for clarity or space.

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for four. Then you drive your masterpiece. And

you realize, with that new V-6 engine and 215

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## FEATURES

### B.E. 100s OVERVIEW

#### Dawn of the Black Millennium

For the good times to continue, the BE 100s can't afford to take their success for granted.

BY DEREK T. DINGLE

### B.E. Industrial/Service 100

#### B.E. Auto Dealer 100

### B.E. COMPANY OF THE YEAR

#### Motor City's Man of Steel

After a legendary basketball career, David Bing of the Bing Group has become a force to reckon with.

BY ERIC L. SMITH

### B.E. AUTO DEALER OF THE YEAR

#### Shining in the Lone Star State

In just over a year, Davis Automotive Inc. has tripled its revenues and is now the largest Buick dealer in Texas.

BY TARIQ K. MUHAMMAD

### B.E. 100s FRESHMAN CLASS

#### Making the Grade

The new kids on the block include a St. Louis information technology firm and a West Coast oil company.

BY DEREK T. DINGLE

### B.E. ADVERTISING AGENCIES OVERVIEW

#### A Battle for Billings

The ethnic market has never been hotter, but black-owned ad agencies are being muscled aside by mainstream firms.

BY ROZ AYRES-WILLIAMS

### B.E. Advertising Agencies

### B.E. ADVERTISING AGENCY OF THE YEAR

#### A Creative Point of View

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BY CASSANDRA HAYES

### B.E. BANKS OVERVIEW

#### The Heat Is On

Threatened with competition from mega-banks, black-owned banks are fighting to retain their customers.

BY CAROLYN M. BROWN

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COVER PHOTO BY AMEEN HOWRANI

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### Life-Sustaining Measures

Black insurance companies are going after new customers—namely, young, affluent African American professionals.

BY FRANK MCCOY

## B.E. Insurance Companies

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### Changing of the Guard

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BY LYNNETTE KHALFANI

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Black businesses are at a crossroads. Here's what they must do *now* in order to thrive in the new millennium.

BY ERIC L. SMITH

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An economic rebirth, spawned by a new administration, is bringing people and businesses back to the Motor City.

BY PAULA FARMER

### Don't Let the Bull Market Passed You By

The Dow surpassed 9,000 in April, but a new study says that only 57% of blacks are investing in the market.

BY MATTHEW S. SCOTT

### 40 Acres and a Mall

Staking a claim in commercial real estate requires know-how, connections and a sharp eye for details.

BY ROZ AYRES-WILLIAMS & PAMELA M. WATKINS

### Taming Your Student Loan

It's best to pay off your student loan as quickly as possible. But flexible plans will let you stretch out your payments.

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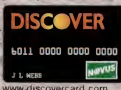


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how money works now



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## Small Biz Goes High-Tech 283

Faced with stiff competition from larger firms, today's small business owners view technology as a necessity, not a choice.

BY TARIQ K. MUHAMMAD

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EDITED BY ROBYN D. CLARKE

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## NATIONAL NEWS

# In the driver's seat

*Big Three automakers vow to boost minority subcontracting. But at what cost?*

**T**he Clinton administration and the Big Three automakers, Chrysler, Ford and General Motors, have launched an unprecedented effort to boost minority contracting in the automotive manufacturing industry by nearly \$3 billion over the next three years.

The Big Three do approximately \$130 billion in purchases with contractors annually, according to Small Business Administration officials, but only \$5.9 billion goes to approximately 750 minority contractors. SBA Administrator Aida Alvarez says the program's goal is to substantially increase the number of minority subsidiaries doing business with "first-tier" automotive contractors.

"As we move into the 21st century, our challenge is to make sure that every individual and every business has a chance to thrive," said Vice President Al Gore during a recent White House ceremony held with the Big Three and officials from the SBA.

Judith Roussel, SBA associate administrator for government contracting, says in addition to boosting contracting opportunities, the initiative can provide management assistance, technical training and loans to qualified minority firms interested in contracting with the automotive industry. The agreement, outlined in a Memorandum of Understanding between the SBA and the automakers, builds on current contracting efforts with minority suppliers. It also provides new private-sector contracting opportunities for firms participating in the 8(a) business development program.

Specifically, GM will increase first- and second-level subcontract awards to minority and small disadvantaged firms by \$1 billion; Ford will increase its contracts by \$900 million; and Chrysler will have an increase of \$1 billion. When added to the automakers' existing minority contracting efforts, the total amount of first and second subcontract awards among the Big Three will total \$8.8 billion.

But is the news all good? As part of the agreement, a firm will be considered minority-owned as long as a minority holds 10% of the public stock and controls the company's operations. "This is a big difference from the standard

utilized in the past by the government and the auto companies, which required 51% ownership by minorities," says Roussel. She says the change was made because there are few minority-owned firms directly supplying the auto industry as first-tier contracting, which includes purchasing raw materials in massive quantities. "You just don't have many minority firms participating at that level," she says.

Jethro Joseph, manager of Special Supplier Relations for Chrysler, agrees. He says relaxing the minority ownership

requirement will allow minorities to go to the stock market to raise capital and still maintain their minority status with less than 51% ownership. "And there are some important guidelines that go with the program," says Joseph. "A minority must still be the majority shareholder. The company must still be operated by a minority and have at least 25% minority employment."

Alvarez says the initiative is an important step forward. "The agreement will create expanded opportunities for an increasingly small business community," she says. "The payoff will be more business for minority suppliers. It will also mean more jobs and more dollars in the communities where those suppliers are located."

At least one minority entrepreneur is ahead of the game. BE 100s CEO Charlie Johnson of Active Transportation in Louisville, Kentucky, recently signed a multimillion-dollar contract with Ford to haul vehicles across the country. (See "Countdown to the 21st Century," this issue.)

Anthony L. Snoddy, president and CEO of Exemplar Manufacturing Co., a BE 100s company in Ypsilanti, Michigan, says relaxing the minority qualifications requirements will actually help more minority firms. "I think it was a good move that the SBA and the Big Three decided to make these kinds of commitments," says Snoddy, whose firm assembles metal fasteners, mechanical assemblies and is a full-service supplier of electrical systems for Ford, GM and Chrysler. "This is only going to forge more strategic alliances between minority and nonminority firms."

—Hamil Harris



**Vice President Al Gore announced the agreement with SBA head Aida Alvarez**

SCOTT J. GORDON



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## BUSINESS NEWS

# 7-Eleven acquisition sours

*B.E. 100s CEO Leslie Corley sells off franchise*

**W**hen Leslie M. Corley, president of Omaha, Nebraska-based Convenience Corp. of America Inc. (CCA), acquired 146 Midwestern 7-Eleven convenience stores for \$40 million two years ago, the transaction immediately placed his company among the largest black-owned concerns in the nation. Corley's plans for CCA called for strategically marrying his operations with brand-name fast-food outlets and creating a franchise powerhouse. But some recent financial difficulties apparently persuaded Corley to sell control of his Slurpee empire.

The West Palm Beach, Florida-based LM Capital sold a majority interest of CCA for an undisclosed sum to a group of investors in 1997. Terms of the deal prohibited Corley from revealing the name of the investment group and the value of the sale. But, he says, "It's always been customary for us to sell all or part of our investments."

So what happened to CCA? "CIS and Contemporary Industries Corp. [CIC] are no longer 7-Eleven franchises," says Margaret Chabris, public relations manager at Southland Corp. Corley, who owns and operates the 10-year-old investment bank LM Capital, formed CCA in order to acquire Contemporary Industries Holdings, a holding company for convenience store operator CIC in December 1995.

But CIC "filed for voluntary bankruptcy" in February and has sent

prospectuses "to over 100 parties as part of a bankruptcy sale of assets," according to Steven Victor, the current chief financial officer brought in by Development Specialists Inc., an international turnaround firm. Victor says CIC's shareholders, LM Capital and Opportunity Capital tapped the firm in mid-January after they had failed to significantly reverse their sagging bottom line. "CIC has been feeling the negative impact of

competition over the past year and hasn't been able to generate sufficient cash flow," says Victor. "As part of the reorganization process, CCA cut the number of outlets from 150 to 113 by selling 10 stores and closing others."

According to Victor, CIC secured a \$3.1 million loan from Indianapolis-based Banc One to provide cash flow so the company could maintain operations through June. This buys time for shareholders to find a buyer for the company's assets.

Corley, a former securities analyst for Fidelity Investments, is currently expanding LM Capital's portfolio of companies. He says the firm is in the process of increasing its 70% ownership stake in Roberts Brothers Inc., a \$2 million enterprise that has produced canned tomato products for over a century.

Many of Corley's current deals fall only in the \$10 million range. But, he says: "I certainly hope that some of our future acquisitions rank on the B.E. 100s."

—Derek Dingle



Corley is now looking to sell

## IN MEMORIAM

### Business pioneers pass away

The black business community recently lost three trailblazers with the passing of Herbert J. Miller, Alvaro L. Martins and Harvey C. Russell Jr. They had honed their craft in corporate America, while carving hard-won paths for generations that followed.

Miller, 62, was a "high-tech guru" long before the term became cliché. The president, CEO and founder of Social & Scientific Systems, a BE 100s firm, died in November following complications from a bone marrow transplant. Miller, who created his Bethesda, Maryland, firm in 1978, successfully steered the concern through the Small Business Administration's 8(a) program while capturing the Health and Human Services Minority Small Business of the Year Award in 1987.



Miller

Until his death from a heart attack in February, Martins, 61, was president of A.L. Martins & Associates in Bethesda, Maryland. One of the founding members of the Executive Leadership Council in 1986, Martins was a former vice president specializing in sales and marketing at Xerox before he left to farm his own concern, a human resources and marketing consulting company, in 1996.

Russell, 79, joined PepsiCo in 1950 in their "Negro sales" department as a field representative. Through successive promotions Russell was eventually named a vice president of corporate planning for PepsiCo in 1962, making him the first African American to be named vice president of a major American corporation. He helped develop the Congressional Black Caucus Foundation and was also a longtime board member of the NAACP's Legal Defense and Educational Fund. He passed away from heart failure in February.



Russell

—Bevolyne Williams-Harold



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## WASHINGTON REPORT

# Mastering the subtle art of persuasion

*Knowing where to look and how to find a lobbyist is half the battle*

**F**or many entrepreneurs Washington, D.C., is a tangle of departments, agencies and bureaus intricately tied together with regulations and red tape. And for small business owners who rely on federal contracts or the often obscure decisions of distant legislators, the time soon comes when you need a guide who understands how Washington works and how to make it work for you.

But when is the right time to seek professional help?

William Kirk, a partner and lobbyist at Washington-based Reid & Priest, says that time will vary for different companies. "There is usually some legislative proposal coming up that will have a material impact on your economic interests," he says. And if, for example, your firm is competing for a specific contract, "A lobbyist can help you understand what's going on in the procurement process and help organize support for your bid," Kirk adds.

As Congress wrestles with issues and regulations that impact minority business development, retaining the



**Kirk of Reid & Priest interprets laws for clients**

based political image consulting firm. "That's our job. Understanding and interpreting them [legislative issues] to the clients and adapting his or her message to fit specific parameters."

Phelps says a good lobbyist can articulate your issue, understand the other side and is prepared to respond to it.

Once you actually hire a lobbyist, you should expect to consult with him or her at least once a week, says Anita R. Estell, a partner and lobbyist at Washington-based Van Scoyoc Associ-

ates. "You should expect them to spend a significant amount of time explaining issues, helping you write letters, attending meetings and drafting testimony and legislative recommendations," she adds. "We also help increase clients' visibility by getting them to the people at the top and those who work with them."

Estell, Kirk and Phelps have all worked and developed strong ties among decision makers on the Hill. "Relationships with members of Congress and key policy makers are important," cautions Kirk, "but find someone who can really help articulate and be a counselor to you. You want someone who approaches lobbying as a substantive matter."

■ Before hiring someone, you should get a clear understanding of what services you will receive and

how much they will cost. Most lobbyists bill by the hour or negotiate a fixed fee depending on your needs. "You want to know what services you're buying, who's doing the work and that the fees and billing practices are up front," warns Kirk. Rates may vary, but according to Kirk they average between \$200-\$400 per hour or as much as \$4,000-\$5,000 monthly. It's common for entrepreneurs to form coalitions with common causes to share costs.

■ Finding someone to champion your cause is often done through word-of-mouth. Often someone in your industry or your own attorney can give you a referral. Look for someone who has developed a track record and can provide references. Then call those references and find out what their experiences working with the person or firm was like. Depending on



**Phelps adapts client message to fit policy parameters**

your needs, you may want to hire someone who is also an attorney. But according to Kirk, the most important thing is "finding people who understand what's going on with a specific piece of legislation. This person must be able to interpret these issues for you and make your views relevant to the right audience," Kirk says. "You're paying for someone to marshal support to give you the best shot at achieving the particular result you're looking for."

—Joyce Jones

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**Lobbying  
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Your Causes**

always informed. "The political process has its own set of protocols, and not everyone has the time or resources to understand them," says Cheryl Alethia Phelps, president of Jericho Strategies, a Washington-



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| Monthly Payment                 | \$825            | \$1,094                      |
| Loan Amount Paid After 15 Years | \$28,995         | \$118,000                    |
| Total Interest Paid             | \$179,030        | \$78,898                     |
| Interest Savings                |                  | \$100,132                    |

\*Example assumes an 80% loan-to-value ratio and assumes that fees and closing costs are not financed. Chart shown is an example only. Rates may vary. Loans subject to credit approval. Property and flood hazard insurance may be required.

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# Tipping the scales

### Reports reveal bias throughout court systems

**M**inority employees in the courtroom have historically been... well, in the minority. Across the board, from federal judgeships to courtroom stenographers and clerks, African Americans have faced an uphill climb working their way into the fabled halls of justice.

California and New Jersey, two states that track the diversity among their court employees, found most minorities are in positions such as interpreters, clerical staff and technicians that offer little career advancement. According to the American Bar Association, more African Americans are graduating from law school—6.9% of law school graduates in 1996 were African American, up from 4.7% in 1986. But, the ABA also reports, only 2.8% of the 60,000 judges in the U.S. and its territories are African American.

How the lack of minority representation in the courts trickles down to the treatment and sentencing of minority defendants is debatable. In an effort to analyze the lack of minority representation within the courts, about 30 U.S. and Canadian groups, created by the highest courts in their jurisdictions, joined together to create the National Consortium of Task Forces and Commissions on Racial and Ethnic Bias in the Courts. Last year, the California Judicial Council Advisory Committee on Racial and Ethnic Bias recommended that the California State Bar, public sector agencies and private law firms strengthen their efforts at employing and retaining minority attorneys. Meanwhile, New Jersey recommended similar recruitment and retention efforts to increase the number of minority court employees in senior management positions.

The jury is still out on what impact these recommendations will have. But as the Florida Task Force urged, it's hoped they will lead to fundamental reforms necessary "to eradicate the stain of racism from the garments of justice."

—Bevlyn Williams-Harold



## Women and Minorities in Major Law Firms

|                   | Total Number of Partners | Percent Women | Percent Minority | Total Number of Associates | Percent Women | Percent Minority |
|-------------------|--------------------------|---------------|------------------|----------------------------|---------------|------------------|
| <b>Nationwide</b> | 39,813                   | 14.21%        | 2.95%            | 42,416                     | 40.11%        | 11.06%           |
| <b>Offices in</b> |                          |               |                  |                            |               |                  |
| <b>Firms of:</b>  |                          |               |                  |                            |               |                  |
| 100 or fewer      | 8,153                    | 14.19         | 3.08             | 5,960                      | 39.08         | 10.49            |
| 101-250           | 15,217                   | 14.20         | 2.62             | 13,864                     | 40.79         | 9.54             |
| 251 or more       | 16,443                   | 14.22         | 3.18             | 22,592                     | 39.96         | 12.14            |

## Top Cities for Minority Partners

| Location      | Total Number of Partners | Percent Minority |
|---------------|--------------------------|------------------|
| Miami         | 524                      | 13.36%           |
| San Francisco | 1,382                    | 4.27             |
| Los Angeles   | 2,019                    | 5.79             |
| Seattle       | 815                      | 3.56             |
| Phoenix       | 512                      | 3.13             |

Source: 1997-1998 National Directory of Legal Employers, National Association for Law Placement, Washington, D.C.

## Minority Judges\*

About 6% of the 60,000 judges in the U.S. are minorities

| African American | Asian/Pacific Islander | Hispanic     | Native American Judges (Including Tribal Courts) |
|------------------|------------------------|--------------|--------------------------------------------------|
| 1,680 (2.8%)     | 254 (0.4%)             | 1,310 (2.2%) | 366 (0.6%)                                       |

\*Includes all federal, state, administrative law, and administrative judges as well as commissioner, pro hac vice, substitute and part-time bench officers (i.e. non-lawyer magistrates, justices of the peace and masters in equity) in the U.S. and its territories.

Source: The Directory of Minority Judges of the United States, Second Edition, American Bar Association, Chicago, 1997

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**When others were investing for the future,  
you were busy building one.**

---

Running your own show definitely has its rewards. More freedom, control and the pleasure of seeing your own ideas come to life. The downside? It doesn't leave you much time to invest those rewards.

Fortunately, building a portfolio is similar to creating a business. You need a strategy and you need to articulate your goals to someone who will take you seriously. If building a business from scratch wasn't daunting, then creating an investment strategy won't be either.

For your complimentary copy of "The Journey To Financial Empowerment," call 1-800-EARNS-IT, Ext. 749.

**SALOMON SMITH BARNEY**

# Enterprise

Your business consultant

## CUSTOMER SATISFACTION

# Measuring what your customers think

*You may think you have a great product and service, but how do your customers really feel?*

Each year the Marriott sends out guest satisfaction surveys, meets regularly with corporate meeting planners, conducts focus groups and does other forms of research, all in an effort to track and constantly refocus the changing profile of its customers. Many businesses, like the Marriott, realize they must spend time, energy and money not only to get customers to buy but also on evaluating and improving their products or services. This requires putting in place systems for communicating with customers, managing customer service programs and measuring customer satisfaction.

If your product or service is pretty much equal to your competitors', pleasing and keeping customers becomes even more challenging. "Guessing isn't good enough, and one big study every so often won't get it done," says Dick Schaaf, author of *Keeping The Edge: Giving Customers The Service They Demand* (Dutton Plume, \$13.95). Meaning, you need to maintain up-to-date customer profiles and keep track of customers' buying habits and preferences—what they buy, how much and how often.

In order to keep your customers satisfied, you must train your employees to be both product- and customer service-driven. Customer satisfaction is not the same as customer service, although the two go hand in hand. The difference is that customer service deals with the internal systems you put in place to

address customer needs and problems, from how employees answer the phones to how efficiently you deliver your product or service. On the other hand, customer satisfaction tells you whether customers believe your products are meeting their needs.



During the next several months, our latest Entrepreneurial Workbook series will outline the tools you need to build a solid foundation for customer satisfaction. Beginning with this piece, each installment will introduce you to a different means of soliciting customer feedback. You can't rely on just one method to gather customer responses; you have to use several, including:

**Customer surveys.** Have people fill out questionnaires about your products or services.

**Telephone polls.** Rate and group customer responses over the phone.

**Focus groups.** Bring together groups of people to share their ideas about your products or services.

**Product sampling.** Give samples of your products to potential customers or introduce existing customers to new or improved products.

Among the things you want to find out using such tactics: What do customers like about your product or

service? What don't they like? Are they regular customers? Why or why not? Do they sometimes buy from your competitors? If so, which ones and why? How do they feel about your prices? How do they feel about the marketing and delivery of your product? How helpful are your employees, and how do they resolve customer complaints?

Keep in mind that many customers rate customer service above product quality. In other words, even if they're satisfied with your product, they won't buy from rude and noncomplying staff. But you may never know how customers feel about your business. Studies show that most customers with problems never complain; they simply stop doing business with you, says Dolores St. Julien, an associate with Rasheed Associates, a marketing, management and diversity consulting firm based in East Orange, New Jersey. "A person who has a negative experience with your business will tell 10 other people."

Loyal customers are the key to a thriving business. Surveys show that repeat customers generate 95% of a company's revenues. Moreover, the cost of keeping a customer is 20% of the cost of getting a new one.

With so many choices today, customers will continue to compare your business on both product quality and customer service. The only way you can keep them satisfied is to constantly find out what they want and give it to them. —Carolyn M. Brown

EDITED BY

Carolyn M. Brown

The smart people  
always



*Donnell Thompson*  
*Sleep Inn franchisee, 1998*

# end up at Choice.



*First-round draft pick,  
Baltimore Colts,  
1981.*



*Owner of three  
Atlanta-area McDonald's,  
1992-1997.*

Donnell Thompson is no stranger to success. He was a college All-American, an 11-year veteran of the Baltimore and Indianapolis Colts, and the former owner of three highly profitable McDonald's. So his recent decision to build a Sleep Inn in Peachtree City, Georgia surprised no one. It was "classic Donnell," his friends say, another smart move by a very smart guy.

Why Sleep? Because Thompson saw it as a chance to begin a business that is already in the lead. Indeed, in a two-year study conducted by the largest consumer travel database company in America, guests rated Sleep Inns the highest in satisfaction, service and value.\*

"I particularly like Sleep's consistency from property to property," Thompson says. "It reminds me of McDonald's — with that same clean, consistent look."

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## MAKING IT

# The art of the turnaround

*Husband-and-wife team rebuild existing business*

**N**ot every entrepreneur makes his or her way by starting a business from scratch; some buy into it. Take Merle Vaughn and Jeff Lasley, the husband-and-wife team who own Acromedia Systems. The

Los Angeles-based firm designs, builds and installs communications systems, audio visual devices and local area networks (LANs). The paging system that announces your flight and the cameras in the parking areas at L.A. International Airport are examples of the products the three-year-old firm supplies.

The couple were both practicing attorneys when an attractive business opportunity came their way. "Acromedia Corp. had been in business for 23 years when two of the four partners decided to retire," recalls Vaughn. "The two remaining partners were looking for a way to avoid dissolving the company. One of them approached Jeff for legal advice." Using \$20,000 in savings and a bank line of credit, the couple purchased a 51% share of the business (enabling them to qualify as a minority business enterprise). In 1995, Vaughn, Lasley and the two partners founded Acromedia Systems.

Under Vaughn's and Lasley's managerial guidance, Acromedia has grown from eight to more than 40 employees, and revenues climbed to \$6 million in 1997. The duo made significant changes to restructure the company and improve cash flow. For example, instead of continuing to subcontract out the fiber optic installation, they brought the work in-

house, reducing costs by as much as 50%. "Once we looked at the volume of installation we were doing, we decided to train our existing field personnel to do the work," explains Lasley. "Today, we contract out less than 2% of the work."

The fact that they had no technical experience in the industry never deterred the couple. "We felt we had what was important—the managerial skills needed to run a company," says Vaughn.

Lasley oversees the technical aspects of the company, while his wife handles the administrative details. Although the couple was fortunate enough to inherit good technical help, finding qualified employees in their specialized field has been formidable. Even more challenging has been coping with growing pains. "Our market is growing so fast that we have to be careful how we allocate our funds," says Lasley. "For instance, taking on a big project over a short period of time can easily overextend us." In other

words, it is easier to manage a \$2 million project over six months than a \$500,000 project in two weeks.

Acromedia plans to offer a wider variety of products and services, including computer networking. The company also services the Los Angeles Unified School District, the new Getty Center Museum and UCLA's Royce Hall.

—Melba Newsome



**Acromedia's Vaughn and Lasley supply audiovisual devices**

Acromedia Systems, 5600 W. Centinela Ave., Los Angeles, CA 90045; 310-410-4141

## MAKING IT

# Check it out

*TIS capitalizes on providing background checks for small and mid-size companies*

**A**rmed with a laptop computer and \$800 in seed money, Mark Moore started Tenant Information Services (TIS) in 1991. Initially, the Winston-Salem, North Carolina-based information services company provided landlords with up-to-date eviction information on prospective tenants. Today, roughly 90% of



**TIS' Mark Moore keeps criminals at bay**

**UNITED PARCEL SERVICE OF AMERICA INC.**  
**Rates for Domestic Services**  
**To Increase in February**

United Parcel Service of America Inc. said it will raise rates for most domestic services beginning in February. The rate increase for the Atlanta shipping company will include a 3.3% jump for most domestic air-express services and an average increase of 3.6% for standard ground-commercial shipments in the U.S. and Puerto Rico. UPS said ground service to residential addresses also will cost about \$1 more than the new commercial-ground rates. Rates for international services will remain the same, the company said. The rate increase continues the company's tradition of boosting rates each year and is in keeping with UPS's previously announced intention not to lower rates to win local market share but due to a crippling Yuan seen strike this year.

As appeared in The Wall Street Journal 12/11/97

**FEDERAL EXPRESS CORP.**

**Rate Increase of 3% to 4%  
 Matches UPS Price Jump**

Federal Express Corp. matched a price increase by archrival United Parcel Service of America Inc., said it will raise rates for domestic deliveries by 3% to 4% beginning in February. International rates for the express-delivery concern will be unchanged, the Memphis, Tenn., company said. Closely held UPS, Atlanta, previously announced it would raise domestic rates by more than 3% in February. Separately, FedEx said it is introducing a new guaranteed five-day delivery product for overseas freight shipments weighing more than 150 pounds. The service, which will cost about 30% less than the company's premium two-day international deliveries, will be available for deliveries between the U.S. and major markets in 13 countries in Europe, Asia and Latin America.

As appeared in The Wall Street Journal 1/7/98

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## CONTINUED

TIS' business is providing criminal background checks for some 1,000 companies, including out-of-state businesses, which resell the information to other clients.

Companies pay a \$25 annual membership fee and around \$7 per background check. Last year, the 12-employee firm had revenues of about \$800,000. Moore also hires independent contractors (individuals or companies) when he needs to find information on people living outside of North Carolina. Headquartered since 1996 in a suite of offices in a downtown building, TIS is growing at a rate of about 40% a year, largely because of the efficient network of contacts Moore has developed throughout North Carolina and major cities in the U.S. He gathers much of his information from county courthouse records.

As a youngster, Moore always enjoyed repairing things—namely cars. By the time he graduated in 1987 from Winston-Salem's Carver High School, he had become fascinated with computers, which led him to study computer science at DeVry Institute of Technology in Atlanta. Tight on money, he was forced to leave school and return home in 1989.

Over the next couple of years, Moore tried his hand at three companies: two automobile repair shops and a software company. They all folded. "I was making money," says Moore, who was 22 at the time, "but I was mismanaging it. It got to the point where the lights got cut off."

The seed for TIS was planted by a landlord Moore had known since childhood who belonged to a local property owners association. He told Moore about a problem com-

mon to the landlords: the lack of easy access to a database with current eviction information. Even though such information was on record at the Forsyth County Hall of Justice, the landlords didn't have the time or the personnel to do the research.

That's when the light bulb came on. Moore presented a proposal at the next meeting and walked away with \$800 in annual fees from eight landlords. That was just enough to lease a laptop and buy a cellular phone. Moore also leased space in one of his client's buildings and created a software program for the data that he keyed into his computer during his daily forays to the courthouse.

About a year into the business, Moore had another idea. He started sending letters to all of his real estate clients informing them that he could offer criminal as well as eviction information. The response was overwhelming. "After failing three times, I finally got it right," says the 28-year-old survivor.

Marcy Eberle, director of human resources for the Greensboro division of Time Warner Cable, a TIS client, likes the 24-hour turnaround time. "Before using TIS, it would take a lot more time to get the same information. We would have to have an individual leave our work site and visit different county seats to get into the records."

—Mark Richard Moss

Tenant Information Services, P.O. Box 20402, Winston-Salem, NC 27120; 336-724-3558

## BUSINESS CONTACTS

# Dialing for dollars

*You can raise money from online sources if you know where to look*

A handful of Web sites has cropped up over the last couple of years to help entrepreneurs locate funding sources. (These sources are accessible from the resource pages at [www.blackenterprise.com](http://www.blackenterprise.com).)

Among the more visible capital-oriented sites are:

■ **ACE-Net (Angel Capital Electronic Network; <https://ace-net.sr.unh.edu>).** Launched by the Small Business Administration, ACE-Net helps businesses seeking between \$250,000 and \$5 million from angel investors (private individuals). Businesses can post private placement offerings on the Web site.

■ **MoneyHunt ([www.moneyhunter.com](http://www.moneyhunter.com)).** The Norwalk, Connecticut-based firm specializes in matching venture capitalists with business owners seeking between \$250,000 and \$10 million. It also offers online applications for lines of credit.

■ **Capital Quest ([www.usbusiness.com/capquest/home.html](http://www.usbusiness.com/capquest/home.html)).** Capital Quest allows entrepreneurs to post

the executive summary from their business plans to attract private investors.

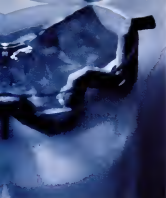
■ **Venture Information Network for Entrepreneurs ([www.thevine.com](http://www.thevine.com)).** The Vine, based in Princeton, New Jersey, provides information resources used mostly by folks seeking venture capital and joint venture partners.

■ **America's Business Funding Directory ([www.businessfinance.com](http://www.businessfinance.com)).** The directory lists the names of funding sources, including venture capital, grants and government funds.

Be prepared to present a solid business plan with plenty of supporting materials, and to disclose financial facts about your company. Everything has its price, so you'll have to pay a fee for these services, generally \$300-\$1,000. Funding sources usually charge a fee to get listed on these sites.

—Carolyn M. Brown





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## CAPITAL IDEAS

# In search of stock

*Investors can provide expansion dollars through private placements*

**Y**our company has created a product or service and is marketing it with some degree of success. Yet, you are short of the funds needed to continue to grow your business. This is a common dilemma for small and large businesses alike. Frustrated with trying to raise expansion dollars through banks and venture capitalists, more small companies are turning to private placements—offering shares of the business for sale to a small pool of investors.

As long as you maintain control of the business (a minimum 51% equity stake), a private placement can be a viable avenue to take. In most cases, a company will sell 20%-35% ownership and offer a greater than 20% return on investment (ROI), says James Liggett, portfolio manager with New York-based Hunter Financial Services, a firm that specializes in developing business plans for companies seeking equity financing.

Many companies seeking \$1 million or less use the Small Corporate Offering Registration (SCOR) form, which is a standardized question-and-answer disclosure document, according to *The SCOR Report*, the Dallas-based industry newsletter (972-620-2489). SCOR guidelines fall under the Securities Exchange Commission's Regulation A and D, Rule 504. Under Regulation D, Rule 504, you may raise up to \$1 million within a 12-month period. You don't have to report the sale to the SEC, but you must obtain clearance to sell in the state. There are no limitations placed on the number of people purchasing shares. And solicitations may be made through traditional advertising.

Under Regulation A, entrepreneurs

may raise up to \$5 million in any 12-month period and must file certain disclosure information with the SEC and every state in which the company hopes to sell securities.



You can write a private placement memorandum yourself or with the aid of an investment bank. Selling stock in your small enterprise is no different than selling stock on the New York Stock Exchange in that the price is determined by profit potential, not asset value. If individuals believe they will make an attractive return on their investment, they will buy stock in your company.

Typically, SCOR offerings are priced at \$2-\$5 per share, and most companies require a minimum investment of \$500-\$1,000. Shares can be offered as common stock, preferred stock or debt securities (loans).

There are at least five steps you'll need to follow to do a private placement:

**Step one. Develop or update your business plan** (see "BE Entrepreneurial Workbook Series," Enterprise, September 1997-April 1998). You must have all the key elements, including a mission statement, product/service description, competitive analysis, market potential, management and organizational plan, income statement, balance sheet, plus three- to

five-year projections on cash flow and profit and loss.

**Step two. Create a financial budget.** You can expect to spend at least \$15,000-\$50,000 for a small private placement to raise up to \$1 million.

**Step three. Write a prospectus.** This document must be given to prospective investors and must spell out how the stock is to be sold and how the money will be used to achieve the objectives of the business plan.

**Step four. Develop a marketing plan.** This includes sending direct mail pieces to interested parties and hosting meetings where you make a formal face-to-face presentation. Consider posting your offering on the Internet via such sites as the Direct Stock Market ([www.dsm.com](http://www.dsm.com)).

**Step five. Conduct a telemarketing campaign.** Assign someone the task of making follow-up telephone calls or sending letters to potential investors.

"An overwhelming problem with private placements is that the business owner underestimates the amount of time and energy it will take to raise the money," says Clay Womack, CEO of the Direct Stock Market Inc. in Santa Monica, California. "A lot of people think it will take 90 days, when it takes six to nine months."

Direct Stock Market posts 30-80 deals quarterly. A basic listing package is \$1,500 for the first 90 days and \$750 per quarter thereafter. In addition, there are virtual road shows, allowing live presentations to be broadcast online.

You have to get in the habit of making the search for capital an ongoing function of your job. Says Womack: "Raising money is another full-time job outside of the day-to-day operations."

—Carolyn M. Brown

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## MANAGEMENT ADVICE

# Database marketing

*More than a glorified Rolodex, a database is a tool for attracting customers*

**T**he key to building a successful business is to maintain long-lasting relationships with business contacts and customers. One way to achieve this is to use your customer database as part of your marketing strategy.

A database is more than a glorified automated Rolodex or address book. It is a collection of records that contains pertinent information about your customers. This can include a name, address and phone number as well as the first and last time that person contacted your firm, past purchase activity, previous mailings and so forth. You also may want to keep track of important dates (e.g., the birthdays and anniversaries of special clients or valued customers).

Setting up a database involves capturing, centrally storing, organizing and analyzing customer information. You don't have to physically take on this task yourself. For \$100-\$300, you can invest in contact management software, such as Act!, Goldmine and Telemagic.

Such systems have scheduling and call-back features that help you keep up with appointments and phone calls. Another feature programs your computer to answer the phone and pull up customer records.

The biggest advantage an electronic database has over physical filing is the ability to sort information. With the archaic system of manual filing, you can search for data based on the way it's arranged—usually by a person's last name. But with an electronic database, regardless of how the information is entered, it can be sorted any number of ways—by city, payment-due date, type of company—whatever you want.

Omor Igiehon, director of marketing at Easco Boiler Corp. in Bronx,



**Prom Guide Publisher Bowen uses his database for direct mailing**

New York, is in the process of upgrading the company's manual customer service filing system to an automated one that will give sales reps access to pertinent customer account information. "We expect the new computerized system to provide more consistent interaction throughout the company," he says. "The toughest part of the transition is loading in all the data. It will have to be done manually. Once that is done, the software does practically everything for you."

Contact management software can be equally useful in a company's outside communications. Garfield Bowen, publisher of *Prom Guide* magazine ([www.promguide.com](http://www.promguide.com)) based in Jericho, New York, says his contact management program assists him in everything from creating direct mail pieces to developing invoices. Bowen uses Telemagic to send out correspondence to subscribers, advertisers and sponsors according to a strict publishing schedule. His program

reminds him of the dates mailings are due to go out. It also sorts customer names based on whatever criteria Bowen selects.

If you've ever had a business send you a birthday note, you've seen how targeted sorting works. There will be times when you'll want to access certain information and pull off the names of people who have the characteristics you are looking for—the ideal candidate for a specific marketing campaign.

Say you decide to send a separate mailing to repeat customers and those who have inquired about your products but never bought anything. What's more cost-effective, a random mailing to 10,000 people or a personalized mailing to 800 customers?

There are many applications for your database. Here are at least six to get you started:

- Send routine mailings or promotional pieces (e.g., coupons or discounts) every three months.
- Send gifts and thank-you notes to your best customers.
- Determine when regular customers are due to re-order and call them up in advance. This minimizes the chance of losing those orders.
- Send newsletters or announcements to keep customers informed of new products/services.
- Send personal notes thanking customers for their valued service over the years.
- Send personal notes expressing concern to customers who are ordering less.

The idea is to build an ongoing rapport with customers/clients. Maintaining a thorough database-management program ensures good customer relations, which in turn promotes repeat sales.

**—Diedra-Ann Parish**



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# Techwatch

Your guide to information technology

## TECH TIPS

# Out with the old, and in with the new

*Before you buy a new PC, a CPU might do*

**T**echnological obsolescence has become an increasing concern as computer makers turn out faster machines at ever-decreasing intervals. Just a few years ago you could expect a new computer to remain cutting edge for at least two years, with its functional life span extending to nearly five years. Today, that just isn't the case.

MMX, an Intel standard developed to boost the microprocessor's handling of multimedia graphics and sound, wasn't on the screen for most people outside of the computer field in 1995. Now you almost can't buy a computer without this enhanced instruction set. Even with prices well below the \$1,000 mark, buying a new PC every couple of years is out of the question for most budgets. So what's a tech-savvy consumer to do? It's simple—upgrade.

Installing a new CPU (also called a microprocessor) is a fast, economical way to boost the performance of an aging PC. Most machines, including 486-based PCs, can be upgraded to a Pentium CPU (or comparable chip from Cyrix or AMD) for under \$300. Trinity Works Power-Stacker 5x86 for 486 retails for \$99 and 180Mhz MMX Upgrade CPUs are available from Zerus Hardware and Evergreen technologies for under \$200. Another issue to consider is whether to add more RAM (random access memory) in addition to a new processor. If you have only 8 megs of RAM, increasing your memory to 16 megs will boost performance more than adding a CPU alone—and 32 megs is even better. You can get 16 megs of RAM for under \$75.

With older PCs (Pentium 75 or lower), it may be wise to install a new motherboard as well. The motherboard is the main printed circuit board in a PC that contains the bus, CPU and controller chips for other devices such as the video display and CD-ROM drive. A new motherboard will allow you to take advantage of the

get the advice of the original manufacturer (via technical support) or a reputable computer dealer regarding compatibility issues.

To prove how easy it is, I commandeered an old Dell P-75 that was in need of an overhaul to serve as the test unit. Although I've installed plenty of software and added peripherals such as

scanners, printers and other external devices, my experience under the hood of a PC is limited. By merely following instructions, I've installed RAM, numerous add-in cards and a second hard drive, all of which required no more skill than it takes to erect a Lego set. A motherboard, however, figured to be much more daunting.

Since the unit already had 32 megs of RAM, I decided a motherboard/CPU combination would extend this computer's life sufficiently.

The computer originally had a Pentium processor, so I decided to stick with Intel for both the processor (Pentium 166 MHz MMX, \$119) and motherboard (TC430HX, \$127) to ensure a smooth upgrade and ease compatibility problems. Some motherboard upgrades include a disk that updates the BIOS (basic input output) system. BIOS contains detailed instructions that activate peripheral devices.

Before you even think about opening up your computer, make sure you have read the manuals for all the



**A new motherboard and CPU could prolong the life of an aging computer**

latest Pentium or MMX chip. Installing a new motherboard can also free up expansion slots that will let you expand your PC to your heart's content. For about \$100-\$200 more than a simple processor upgrade, you can get a new board that will make the most of your new CPU. A basic motherboard sells for \$100-\$200 without the processor.

The best thing about all these upgrades is that you can do them yourself. Installing RAM and a processor is a snap—literally. Putting a new motherboard in your PC is more difficult because of the wires, add-in cards and memory that must be disconnected and replaced. However, all are fairly simple procedures that most people can do if they consult their computer manual and

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Tariq K. Muhammad

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CYBERWISE

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## CONTINUED

devices you intend to add. In addition, it is imperative that you consult your PC manual and, if necessary, the helpline to find out which upgrades are right for your computer. While these upgrades are fairly simple, even the smallest omission can mean a broken system instead of a better one. Take the time to find out the specifics of your system before you attempt any upgrade, and if it's your first time upgrading your PC, please consult with a computer professional before you take matters into your own hands.

This is a general upgrade guide:

**STEP 1: Determine if your PC will accept a standard motherboard upgrade.** Refer to your PC manual or call the original manufacturer to find out possible upgrade paths. Some proprietary motherboards can only be upgraded with similar boards purchased directly from the manufacturer. An alternative would be to purchase a motherboard and case combination to replace the old one. However, this means that you'll have to transfer everything from your old case to the new one, including hard drive, CD-ROM drive, floppy drive, etc. It isn't hard since it's mostly screws and snap-together modules, but it can be tedious.

**STEP 2: Back up your hard drive.** While it's unlikely that anything will happen to your data during this procedure—better safe than sorry. You'll also want to take a look at your computer BIOS and record the settings just in case you need to input them after the new motherboard is installed. Check your manual if you don't know how to access BIOS.

**STEP 3: Turn off your PC and open the case.** Make sure you are grounded before touching or handling the CPU, the motherboard or any components inside the computer. Static electricity can render a perfectly good CPU

worthless. Ground yourself by touching the PC's metal frame while the unit is still plugged in. Repeat this process frequently during the installation process since static electricity can build up at any time and will destroy any circuitry you handle.

**STEP 4: Unplug the PC.** Disconnect all wires and cables that connect to the motherboard. Use masking tape to mark cables as you remove them so that you'll know where they go later. Remove all wires from the mother-



**It's important that you ground yourself frequently during the upgrade process**

board, taking careful note of how they're arranged. This is especially true of the two main motherboard power connectors. If you reconnect them in the wrong order, you could damage your motherboard. You'll recognize these connectors because they originate from the same casing that the unit's power cord comes from. Remove any add-in boards, also noting exactly what

they're for.

**STEP 5: Unscrew the motherboard and remove it from the PC case.** Install the CPU and RAM from the old motherboard onto the new motherboard. Both the CPU and RAM snap into place. You will likely see a zero insertion force (ZIF) lever near the CPU. Lift the lever to release or install the processor and lower it to secure the processor in place. This lets you install the CPU with minimal pressure. Make sure you align the diagonal edge of the CPU with the diagonal edge of the socket into which it fits. Misaligning the pins could damage the CPU and render it useless.

**STEP 6: Place the new motherboard in the case and maneuver it gently until it is secure.** Screw it down firmly, but not too tight. Replace the main power connectors, RAM, video card, keyboard, power connectors, hard drive and reset lights. After you've done this, turn the PC on. If everything is connected properly, the machine will boot up. After you've passed this test, turn the PC off again, unplug it and connect all remaining cables such as the floppy drive, CD-ROM drive and hard drive, and install any other add-in cards. Make sure all your cables and wires are secure and everything has been properly replaced.

**STEP 7: With the cover still off the case, turn the PC and monitor on.** A BIOS message will likely appear on the screen. Restart the PC and everything should be in working order. If not, retrace the last few steps to make sure everything is properly installed. If you still experience problems, call the technical support line for the PC and any components you've just added. Once you're satisfied that the computer is working optimally, restore the case and get ready to enjoy the fruits of your labor.

—Tariq K. Muhammad



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## THE BLACK DIGERATI

# Tree-saving technology

*Metters' pioneering work is moving us closer to a paperless society*

**A**nyone who has done research at the Library of Congress and sifted through reels of microfiche to retrieve any of the countless titles it houses can appreciate the work that Samuel Metters is doing. His mission is to help move Americans closer to the paperless society we've been hearing about for the past 15 years. "We'll never become a totally paperless society," Metters says, "but we can at least get two-thirds of the way there."

His \$40 million **BE 100s** company, McLean, Virginia-based Metters Industries, has been pioneering in the field of electronic document management systems (EDMS), providing electronic imaging systems, software and services for voice, video and data. "We can make an imprint—take a picture—of each of these forms of communication and transfer that image to electronic and digital storage devices that take up much less space and let us get to the information we want in a matter of seconds," Metters explains.

Electronic imaging, along with electronic data interchange (EDI), where data flows through computers, are the major components of EDMS. The applications are endless, says Metters. One of his wholly owned subsidiaries, Blue Ridge Technologies, develops EDMS for voice and data. A second company, Mekel Engineering, makes equipment that transfers video images to CD-ROM and laser disks. Soon, when you visit the Library of Congress again, you'll find 20 or more books stored on one CD-ROM. All you'll have to do is press a key and your selection will pop up on the screen—"just like on a CD jukebox," he says.



**Metters is a B.E. 100s veteran**

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Metters' firms help companies make the transition from paper, microfiche

and other outdated modes of storage to digital warehousing. The IRS, the U.S. Patent and Trade Office, Northwest Airlines, Howard University and Federal Express have all solicited the services of this information industry pioneer. Metters firmly believes businesses that successfully make the transition from paper to electronic communications using EDMS methods will find themselves with a strong competitive edge, speed and lower cost.

The movie industry, including Fox Studios, a Metters' client, also is applying the technology to preserve vintage movies, transferring them from eroding nitrate film to newer, more durable film stock, CD-ROM and laser disk. "Whatever the medium, with imaging technology the information you need will literally be at your fingertips, easily retrievable and quickly displayed," says Metters. "It beats shuffling through paper any day. —Roz Ayres-Williams

## Inside Metters Industries

In November 1997, Metters Industries was awarded a records management contract with Chesterbrook, Pennsylvania-based PECO Energy Co., a publicly owned and regulated utility that provides electric service to over 1 million customers. Metters will install a system allowing electronic archiving and retrieval of plant records for the PECO nuclear facilities. The system will provide Web-based access to nuclear power facility records, and allow PECO users at various locations to archive and retrieve all records of plant conditions, evaluations and corrective actions for conducting operations and maintenance.

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**Mekel Engineering**. Another wholly owned subsidiary, offering fast and reliable microfilm and microfiche scanners.



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## TECH ISSUES

# How to spot an Internet hoax

*Cyber-sleuths can stem the tide of annoying Net-spiracies*

They pop up in Usenet newsgroups from supposedly informed sources or slide into your e-mail box from well-meaning friends. The message begins with a dire warning: a pending modem tax, a virus that's supposedly passed on by reading a particular plain-text e-mail. Sometimes it's a pyramid scheme that is guaranteed to make you thousands of dollars without raising a finger. Internet hoaxes are not only annoying, they gobble up precious Internet bandwidth that could be put to better use.

Often a hoax declares itself by shouting, "This is not a hoax!" followed by a startling prediction of doom, perhaps some technical jargon, and a reference to a quasi-authority—"This came from a friend of a friend who is a lawyer," or "who works at (X large company or Y government agency)." The message ends with the telltale request: "Pass this message on to everyone you know." There may also be a request to contact a third party, such as the Federal Communications Commission ("Tell them we don't want a modem tax!") or a dying person whom you don't know ("He needs messages of encouragement!"). But if you do the math—five friends telling five friends telling five friends—you'll see that the third-party recipient quickly becomes the victim of an e-mail flood that can cripple a small mail server and cost the victim his Internet account.

**More harm?** Internet hoaxes cost everyone's network or Internet service providers (ISPs) by clogging the band-

width with unnecessary transmissions. ISPs can't gauge the actual cost in hardware and bandwidth, since they don't read user mail, but they know it costs them in technical support to answer user concerns. America Online

Rosenberger, Web master of the Computer Virus Myths Home Page (<http://kumite.com/myths/>). He recalls one man who erased his hard disk and lost everything (with no backups) because he believed a virus hoax.

**What can you do?** Don't pass hoaxes on. When users pass on hoaxes, the effect itself is a lot like a virus—trying up resources with useless information.

**How can you tell?**

Orvis says the request, "Send this to all your friends," is a giveaway. Look up specific hoaxes at the CIAC Internet Hoaxes Page ([http://ciac.llnl.gov/ciac/CIAC\\_Hoaxes.html](http://ciac.llnl.gov/ciac/CIAC_Hoaxes.html)).

If the message warns about a bad piece of legislation, there should be a bill number, House resolution (HR) number or its equivalent recorded with the appropriate governing body. Follow up on these numbers through the appropriate Capitol Web page.

Look very critically at messages that ask you to write to a third party. The point of these chain-hoaxes is either to harass the recipient or do something "nice" but misguided for someone. Orvis reminds potential do-gooders that some ISPs charge their users for each piece of mail they receive.

All messages that claim a company is engaged in wrongdoing (as with the AOL hard drive invasion hoax) should be treated as libelous until you have the facts.

All messages that claim you can get a computer virus by merely reading a plain-text e-mail are hoaxes. Computer viruses have to be "executable code"—not plain text. Binary attachments are

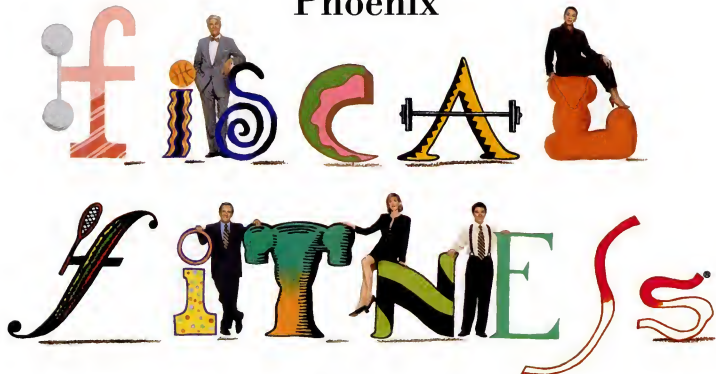


has "Reach Out" and "Virus Update" areas for users to get immediate valid information. AOL itself was recently the target of a hoax claiming the service read information from users' hard drives. "The biggest cost is the way (hoaxes) impact our members' online experience," says AOL spokesperson Rich D'Amato.

William J. Orvis, security specialist with the U.S. Department of Energy's Computer Incident Advisory Capability (CIAC) Team (<http://ciac.llnl.gov/ciac/ciachoaxes.html>), says hoaxes may not hurt your machine, but "they do hurt your network. Mail machines can be completely filled up."

There are other costs, too, says Rob

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a different story: always treat something you can't read with a plain-text editor as a potential hazard.

Word processing documents, for example, may contain executable macros, and should be screened with a virus checker or thrown away unread. You can double check virus alerts at

the Computer Virus Myths Page at <http://kumite.com/myths/>. If the alleged virus isn't listed, check at one of the anti-virus makers' sites. Your Network security "expert" may or may not be able to help, depending on qualifications.

If a hoax appears in a Usenet news-

group, see if someone else rebuts it before adding your voice to the fray. And by all means, add the subject line to your killfile! You may not be able to put a stake through the heart of a hoax, but you don't have to invite it into your place of business.

—Rebecca Frances Rohan

## CYBERWISE

# Seek and ye shall find

Use your search engine right!

Search engines are supposed to help you wade through the mounds of information that exist in cyberspace. Too often they provide only marginal assistance, displaying hundreds or thousands of irrelevant answers to your query. However, by using power search functions, you can get the most out of your searches.

These features (also referred to as advanced search techniques) allow you to refine and control your searches to retrieve information that more closely matches your needs. Here are a few tips to help you narrow your search and reduce your frustration level:

■ **Use Boolean operators:** These include *and*, *not*, or and parentheses. In most search engines, a plus sign (+) is equivalent to the Boolean logical operator *and*, indicating that the word following the plus sign must be in each of the search results. A negative or minus sign (-) is equivalent to the Boolean logical operator *not* and says that the results should not contain the word following the negative or minus sign. Parentheses group portions of Boolean queries together for more complicated searches. For instance, to locate documents that contain the word *fruit* and either the word *banana* or *apple*, try the following combination: *fruit and (banana or apple)*.

■ **Enter phrases instead of keywords:** Avoid one-word searches, they can create hits that are much too large to handle. Instead, use words or phrases inside quotes to increase your chances of finding useful results. Remember, placing double quotation marks around a phrase forces your search engine to look for that exact group of words. So, entering "San Francisco" will lead you to the city by the Bay, whereas *San Francisco* without quotes could return San Diego, San Mateo or even San Juan.

■ **Use wildcards:** Attach an asterisk (\*) behind the key

word in the search to broaden your results. Enter *flower\** to obtain documents containing the terms *flower*, *flowers*, *flowering*, *flowered*, *flowerpot*, *flowery*, and any foreign language words that may apply. Wildcards are also helpful if you're searching for words that may have different endings. Enter *dog\** rather than *dog* if it could be plural.

■ **Refer to Search Engine's Power Search Form:** Lycos ([www.lycos.com](http://www.lycos.com)), Excite ([www.excite.com](http://www.excite.com)), HotBot ([www.hotbot.com](http://www.hotbot.com)) and AltaVista ([www.altavista.digital.com](http://www.altavista.digital.com)) have customized forms to help you refine your search. These forms allow you to enter an advanced search without the use of advanced query language. Scroll down to the bottom of your results page and give it a try!

■ **Familiarize yourself with your search engine's special features:** No two search engines are exactly alike. As a first step, read

the instructions or updates to ensure that you have the latest information. AltaVista, Excite and Lycos, for example, can search by domain and URL, and even find pages containing a link to a specified URL. AltaVista, the leader of

the search engine pack, allows you to create a personalized preferences page that you can bookmark or use as your browser home page. HotBot has a useful feature that lets users limit their searches by time frame, thus minimizing the number of outdated Web pages your query returns.

Still having trouble? Visit Search Engine Watch ([www.searchenginewatch.com](http://www.searchenginewatch.com)). This site contains a host of search engine tips, compares the performance of various search services and provides a free newsletter to subscribers.

—Monique R. Brown





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# Moneywise

Your financial advisor

## PRIVATE SCREENING

### Bargain hunter

*Green of Loomis Sayles is always looking for good deals*

Loomis Sayles director Isaac Green will tell you value investors like himself come in two varieties. First, there are scavengers, the kind that lunge at the bargain bin in the name of saving money. They're out snatching up shares the minute a company announces bad news and watches its stock go down in flames. Green? He's in the second camp, a choosier group that waits for the name brands to be marked down, all to get top-of-the-line goods at sale prices.

That distinction is important to Green, whose Detroit office manages \$9 billion in institutional money for clients such as Blue Cross/Blue Shield, the state of Illinois and White Castle, a fast-food company, along with the Loomis Sayles Core Value Fund. "It's not enough that a stock's gone through a big drop and is cheap," he points out. "We want to see evidence that we're going to get something back for our money." The proof, says Green, is in the profits. Turn in two quarters of good solid earnings, win back investors on Wall Street, and suddenly Green's interested. "Six months after the bottom, we're probably going to be around sniffing," he says. It's a policy that has worked well. Green's institutional accounts posted a 29.3% total return in 1997. They've averaged 29.4% over the past three years and 20% over five years.

Green's screening process is pretty clear-cut. First, he limits himself to companies with a market cap of \$2 billion or more for about 1,200 stocks in all. For a company to pass grade two, its price-to-earnings ratio (P/E) must be below the average in its industry, and definitely under the S&P's current multiple of 22. Additionally, Green says he looks for shares where earnings growth is at least stable, but preferably on the rise. "We go through Wall Street estimates month by month, and when we see that analysts are revising earnings upward, we've got a winner."

Something of a financial journeyman, Green grew up in Henderson, outside of Durham, North Carolina. He began his collegiate studies at nearby Duke, majoring in engineering, but quickly got the economics bug. "I thought, 'this is physics applied to money,'" he recalls. Green changed his mind and major, going on to complete an M.B.A. at Columbia University.

He followed up his studies with stints at NationsBank and BE 100s financial company NCM Capital Management before joining Loomis five years ago.

After more than 10 years in the business, Green makes stock picks using a logic even a lab-worn scientist could appreciate. His first choice, Hasbro (NYSE: HAS), is cheap, currently selling at about 18 times projected 1998 earnings, and 20% below the market's current P/E. Green says the toy maker is poised to grow earnings 20% next year because Hasbro's the lucky owner of the *Star Wars* figurine franchise. Next year's release of *Star Wars*' latest installments should prove a blockbuster for Hasbro. Even after that, Green projects earnings growth to continue at a 13% pace over the next five years.

Green calls his next pick, Carmike Cinemas (NYSE: CKE), the "WalMart of the movie theater business." Not only does

Carmike own 2,700 screens in 35 states; in 60% of its markets, it's the only cinema in town. Even with that kind of leverage, the stock is cheap, currently selling at 15 times estimated 1998 earnings. Green says earnings should jump 22% this year and after that continue on an 18%-20% annual clip over the next five years.

Another favorite, Green says, is Compaq Computer (NYSE: CPQ), a steal at its current P/E of 16 times 1998



Green's a stickler for value

#### Attention Bargain Shoppers

| Stock<br>(Exchange: Symbol)        | Current<br>Price* | Est. 5-Year<br>Annual<br>EPS Growth | P/E |
|------------------------------------|-------------------|-------------------------------------|-----|
| Hasbro (NYSE: HAS)                 | \$34.94           | 13%                                 | 18  |
| Carmike Cinemas (NYSE: CKE)        | 32.50             | 19                                  | 15  |
| Compaq Computers (NYSE: CPQ)       | 26.25             | 20                                  | 16  |
| American Home Products (NYSE: AHP) | 91.75             | 13                                  | 25  |
| Sears (NYSE: S)                    | 56.00             | 15                                  | 16  |

\* As of 3/30/98

EDITED BY

James A. Anderson

## CONTINUED

earnings. Recently, the PC and networking hardware maker has been trading at low levels because of worries over its Asia exposure and also because a new software package like Windows '95 hasn't come along to propel sales. Still, Green thinks the company is good for a 25% increase in earnings this year and around 20% for the next five years.

Pharmaceutical maker American Home Products (NYSE: AHP) was left at the altar when British drug manufacturer Glaxo backed out of their

planned merger earlier this year. Green saw that move as a "go" signal, especially since AHP is trading at 25 times projected 1998 earnings, compared to 30 for its industry peers. Green says AHP has some great products coming up and should grow earnings at a 13% rate over the next five years. Besides that, the company still remains a takeover candidate, he says.

To round off his list, Green's including a familiar name, Sears (NYSE: S). After trading as high as \$65 last July,

the Chicago retailer's stock came tumbling down as worries rose over its rising credit card default rate. Green says the problem just wasn't great enough to derail a company he thinks is well managed. Sears has since set its credit card business back on track, and with the stock selling at 16 times 1998 projected earnings, it's cheap. Green sees Sears notching earnings growth of 12% this year, and 14%-15% over the next five years.

—James A. Anderson

## STOCK UPDATE

# Riding the market's twists and turns

*Parnassus' William Thomason sorts out his picks—to sell, buy and hold*

**T**he portfolio. Fasten your seat belts. William Thomason of San Francisco's Parnassus Investments will tell you that while the fund he works on can go through twists and turns, it usually ends with a tidy gain at the end of the day. Case in point: Thomason's Private Screening portfolio rose 1.1% in the last year, turning a \$5,000 investment into \$5,056. Two clear winners were Hewlett Packard (NYSE: HWP), with a 12.7% gain, and Mylan Laboratories (NYSE: MYL), which led the group with a 48.1% return. Toys 'R' Us (NYSE: TOY) rose 8.5%. The other two trailed: Morgan Products (NYSE: MGN) lost 27.1% and Advanced Micro Devices (NYSE: AMD) fell 36.6%. The portfolio, however, is a far cry from how Thomason's Parnassus Fund has fared overall, logging a 29.7% return for the last year.

**The outlook.** Thomason's current assessment might surprise you. For starters, he has lost faith in Advanced Micro Devices, a semiconductor company that competes with Intel.

Thomason says the company's chips are excellent but that AMD has had trouble meeting product delivery schedules. He says a better stock in the industry is Electro-Scientific Industries (Nasdaq: ESIO), which makes semiconductor equipment. Hewlett Packard remains a "core holding," he says. "The stock's not cheap at current levels, but HP has excellent products and is a household name; I'd definitely buy if the stock fell to \$55." As far as Mylan Labs, the maker of generic pharmaceuticals, Thomason recommends holding on to the stock, but not adding any more. He says many brokerages rate the stock a

"buy," but in his opinion the company's product pipeline isn't as strong as it has been. Morgan Products, a company that sells home improvement supplies, has been a real disappointment, but Thomason says that at \$5 it's hard not to pass up. The reason: he says Morgan's industry group is undergoing a wave of mergers and that the company could well be a target. Finally, Thomason says he'd sell Toys 'R' Us, but not until July or August. "Invariably every summer the stock rises, analysts talk it up further, and then after Christmas sales figures come out, it comes back down."

—J.A.A.

## Thomason's Ups and Downs

| Stock (Exchange: Symbol)           | Current Price* | Price at Recommendation | Total Return | Current Value of \$1,000 Investment | Est. 5-Year Annual EPS Growth* |
|------------------------------------|----------------|-------------------------|--------------|-------------------------------------|--------------------------------|
| Advanced Micro Devices (NYSE: AMD) | \$26.56        | \$41.88                 | -36.6%       | \$ 634                              | 15.2%                          |
| Hewlett Packard (NYSE: HWP)        | 63.13          | 56.00                   | 12.7         | 1,127                               | 15.6                           |
| Morgan Products (NYSE: MGN)        | 5.56           | 7.63                    | -27.1        | 729                                 | 20.0                           |
| Mylan Labs (NYSE: MYL)             | 23.69          | 16.00                   | 48.1         | 1,481                               | 21.0                           |
| Toys 'R' Us (NYSE: TOY)            | 30.38          | 28.00                   | 8.5          | 1,085                               | 12.4                           |

\* As of 3/30/98

Source: 5-year EPS growth rates compiled by Zacks Investment Research



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## ONE FOR YOUR MONEY

# Know where to hold 'em

*Changes in capital gains taxes can work to your benefit. Here's how.*

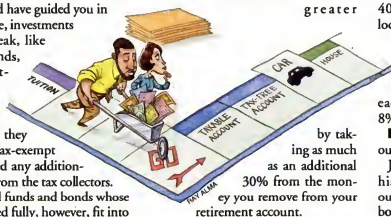
**Y**ou have a tax-free retirement account, say a 401(k) or individual retirement account. You're also saving up on the side and have put money to work in the stock market. Needless to say, you want to get the most from your investments while paying the least amount of tax on your gains. How do you spread your investments among your accounts?

To start, let's look at how financial planners would have guided you in the past. Before, investments with a tax break, like municipal bonds, belonged outside your tax-deferred IRA or 401(k) plan. After all, they were already tax-exempt and didn't need any additional protection from the tax collectors. Stocks, mutual funds and bonds whose gains were taxed fully, however, fit into a tax-deferred account where their returns could grow without any interference from Uncle Sam. Otherwise, you'd lose a very large portion of the money you made from your investment. For example, taxed at the 28% capital gains rate, a 12% rise in the value of XYZ Corp. amounted to 8%. While safe inside a retirement plan, that 12% would compound tax free until money was withdrawn.

What was a clear-cut decision in the past suddenly became more complicated beginning last year. The reason: The long-term capital gains tax, the amount you owe Uncle Sam after a stock or bond has appreciated in value over time, was cut. Now instead of paying the IRS up to 28% of that rise in a stock or bond's value, you owe only 20%.

Compare the capital gains cap of 20% to your ordinary income tax rate—28% on up to 39.6%—and you

actually stand to make and keep more of your investment dollars by keeping stocks outside your retirement plan. So if you've made \$20 selling off IBM stock you bought two years ago, the IRS gets only \$4. Whereas, if you were retiring tomorrow and had to tap the same stock from your IRA portfolio, you could lose anywhere between \$5.60 and \$7.92 to Uncle Sam. State taxes make the difference between tax rates even greater



All of which makes decisions about spreading money around in your accounts all the stickier. Percy Bolton, a certified financial planner in Los Angeles, recommends that clients hold taxable bonds inside tax-deferred retirement accounts and stocks in taxable accounts. For people who are almost 100% in stocks, he recommends that they hold small-capitalization and international stocks in a taxable account since they tend to pay off in long-term capital gains. "Large-cap stocks, which are more likely to pay dividends, work better inside an IRA or 401(k) where the dividend income won't be taxed immediately," he says.

If your investment mix is primarily mutual funds and individual stocks, Bolton says try to keep to funds within your retirement plan. "Mutual funds make capital gains distributions

that investors can't control, so holding them inside a plan will shield those distributions from current taxation."

To illustrate, we'll provide an example. Consider two investors, Joe and Joan, who both:

- Have \$20,000 to invest—\$10,000 in an IRA and \$10,000 in a taxable account.
- Divide their investment money 50-50 between stocks and bonds.
- Pay ordinary income taxes at 40% (including federal, state and local taxes).

- Invest their bond money in Treasuries yielding 6%.
- Invest their stock money in individual issues that yield 2% each year and appreciate a further 8% per year.
- Hold on to their stocks throughout the 20-year period.

Joe decides to hold his stocks inside his IRA, while keeping his bonds outside. Joan goes the opposite way: bonds in, stocks out.

According to the Boston accounting firm Brown & Brown, at the end of 20 years, the results will look like this:

|                                    | Joe<br>(Stocks In,<br>Bonds Out) | Joan<br>(Bonds In,<br>Stocks Out) |
|------------------------------------|----------------------------------|-----------------------------------|
| IRA                                | \$672,750                        | \$320,714                         |
| Taxable acct.                      | \$202,859                        | \$591,678                         |
| Total                              | \$875,609                        | \$912,392                         |
| After retirement<br>(30% tax rate) | \$673,784                        | \$816,178                         |

"Logic would dictate," says Carolyn Stall, a CPA and certified financial planner with Brown & Brown, L.L.P., "that those investments that produce current income should be held in a tax-deferred account and those that can produce deferred income, such as growth stocks, should be held in taxable accounts." —Donald Jay Korn

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## INVESTMENT CLUBHOUSE

# Everybody in the poll!

*Clubs change over time. Surveying members keeps you up to date*

**R**oy Rogers used to say: Even if you are on the right track, you'll get run over if you just sit there. This is our advice to any investment club that has been around for more than a year. Simply put, even if you buy and hold a portfolio of well-researched stocks, you can't merely leave it there and wait for it to grow. You have to constantly reevaluate things to make sure your investments are meeting the club's goals.

Believe it or not, the same holds true for members. It's necessary to check up on members' attitudes and desires about investing from time to time. You especially need to review your club's portfolio as old club members leave and new ones join the group.

Does reassessing things sound like a tall order? Start with your portfolio. The Madison Heights, Michigan-based National Association of Investors Corp. (NAIC) suggests that investors look at their portfolio at least once a year. First, for diversity's sake you want to check to make sure the stocks you hold are in a variety of industries. Next, you'll want to see that you have companies of various sizes (which you can check by market capitalization or the number of shares outstanding times the stock price). Finally, it's good to go over your portfolio to check on each stock's growth potential. Remember: things change over the course of a year.

"Often club members will see great returns in a particular sector, and they will stay in that industry because they feel comfortable with it," observes Simone A. Thompson, investment representative with Brooklyn, New York-based Edward Jones. Even though a club may be heavily weighted in a particular sector, Thompson recommends it aim for holdings in eight core industries: consumer staples, technology, consumer cyclical, capital goods, communications, health care, financial services and energy.

NAIC also emphasizes a balanced portfolio where 50% of the club's holdings are in medium-size companies, 25% in companies with \$2 billion or more in sales, and the remaining 25% in small companies with sales under \$400 million and rapid growth rates. Of course, this ratio may differ depending on your club's risk tolerance. Members who are

in their 20s and 30s can assume more risk and invest in small, aggressive companies, while clubs with older members will want to stay with large capitalization companies.

"We look to see how much each stock represents," says Lillian Heard, president and co-founder of the New York-based Unity Investment Partnership. "If a stock is more than 15% of our portfolio, we won't buy any more shares of that stock or another in that sector." The club's stock portfolio is valued at \$110,000 and has 18 holdings, including Colgate-Palmolive (6%), Walt Disney Co. (9%), Motorola (5%), Pepsi-Cola (10%), Staples (10%) and Pfizer (13%).

Unity also invests in a few small and mid-size companies. "We have always been heavy on blue chips, but we are now trying to diversify into smaller caps," says Heard.

When it comes to growth, review each stock and see if it has the potential of doubling in value over the next five years (or whatever goal your club sets). For

your portfolio review, create a table for each stock holding, displaying the current price, five-year low and five-year high, and columns showing each stock's size and industry classification.

Now give your members an annual checkup. Start with a risk assessment. At the formation of your club, members should have filled out a survey as a way to determine their risk tolerance. The purpose of these surveys is to determine the diversification and allocation of assets in your club's investment portfolio.

Now you can create an asset allocation table and review it to guide any readjustment of the club's portfolio. Gauge how members feel about particular types of securities. For instance, the categories of risk are safety of principal (e.g., CDs, T-bills and money-market funds); income (government bonds, utility stocks, municipal bonds and corporate bonds); growth (blue-chip stocks); and aggressive growth (speculative common stock, options and futures).

Keep in mind that members' attitudes and ideas about investing are likely to change over time. In the beginning, club members may be conservative. But as the club's portfolio grows, members may be more willing to consider higher-risk investments.

—Carolyn M. Brown



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## MUTUAL FUNDS

# Watch out for the sneakiest fee

*12b-1 fees crop up even on no-load mutual funds*

**A**fter three straight years of knockout stock market gains, you probably haven't noticed the notorious 12b-1 fee at work. Yes, you may have caught on that fund fees now average 1.5% of your invested savings, and perhaps you've even grasped the difference between a front-end and back-end load down cold (see "Nothing Comes Free," Moneywise, May 1998). While those charges are pretty easy to spot and compare from fund to fund, the 12b-1 is a sneakier fee that might creep up on your mutual fund investment and catch you unawares.

It's also why the 12b-1 has caused its share of controversy. Named after a rule the Securities and Exchange Commission (SEC) passed to allow fund companies to use it, the 12b-1 is now charged by over half of all mutual funds. On the surface, it's meant to pay for a host of items, including marketing and advertising costs such as sending out pamphlets and prospectuses. Mutual funds used it as an incentive, a way to woo brokers and financial planners for pushing their investment over others that might not pay the fee. The 12b-1 fees also pay for so-called distribution-related expenses such as printing and mailing reports to shareholders.

The fact of the matter is, you could very well be stuck with a 12b-1 fee, yet not be aware of it. Funds that charge fees when you purchase or sell shares are easily distinguishable in the industry: they're listed as "load" funds. But don't be fooled into thinking that all no-load funds shun 12b-1 fees. Michelle Smith, managing director for the Mutual Fund Education Alliance based in Kansas City, Missouri, notes that a fund can charge a 12b-1 fee of up to 0.25% and still call itself "no-load." Even though this is a relatively low fee, says Smith, the trick is to choose one with an even lower fee scale. However, some critics say 12b-1 fees are nothing more than a disguised "load" or sales fee.

Given that the stock market has logged three great years, and knowing that the average 12b-1 fee is 0.5% for stock funds and 0.35% for bond funds, according to Lipper Analytical Services Inc., your first tendency might be to

write it all off. Don't. Annual 12b-1 fees can run as high as 1% of a fund's assets. According to Olivia Barbee, an analyst with Morningstar, the Chicago company that tracks the mutual fund industry, over a ten-year period with stocks gaining about 10% annually, forking over a puny 1% each year will shave a full \$2,300 off every \$10,000 you put into a mutual fund. What's more, 12b-1 fees have risen sharply in recent years. In 1995, the typical 12b-1 fee was 0.31% for equity funds and 0.26% for fixed-income funds.

When they were first introduced in the early 1980s, 12b-1 fees were touted as a boon to fundholders. The thinking was that by increasing the number of investors and thereby realizing economies of scale, 12b-1 fees would lower overall fund costs. They haven't, say industry experts. Numerous mutual funds continue to charge 12b-1 fees even after they've closed their

doors to new investors or reached a size where they don't want to grow anymore. This has led to complaints from consumer advocates and even some within the industry, including John Bogle, founder of the Vanguard Group, that 12b-1 fees are excessive and unnecessary. The only way to know whether you're being hit with a 12b-1 fee is to check your fund prospectus. In addition to telling you the fund's objective, holdings and performance, the prospectus discloses all fees investors must pay. Another option is to look over Morningstar sheets, available in many libraries.

In the meantime, you might consider whether you want to invest at all in a mutual fund that has a 12b-1 fee. Research shows that the 12b-1 fee is "a deadweight cost borne by shareholders and has no tangible benefit to investors," says Robert McLeod, Ph.D., a finance professor at the University of Alabama's Culver House College of Commerce & Business Administration in Tuscaloosa, Alabama. "In general, 12b-1 funds have higher expense ratios and lower net investment returns than non-12b-1 funds."

If you've got a choice between funds, all other things being equal, you're probably better off selecting the one with the lower expenses.

—Lynnette Khalfani

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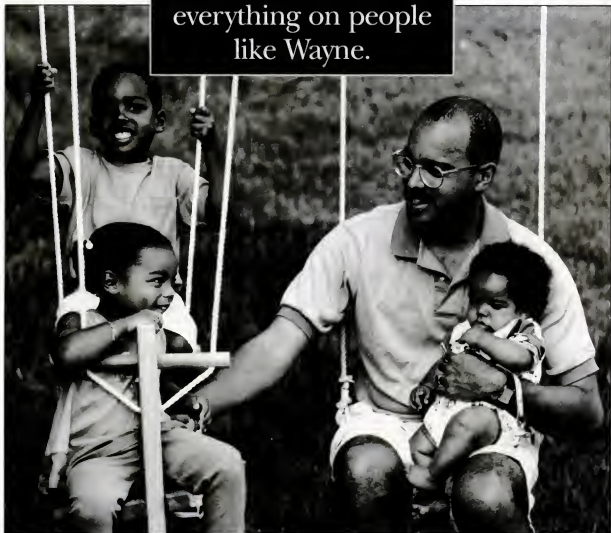
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**Name:** Wayne Hewett. Husband, father and General Manager, Petrochemicals and Global Sourcing, GE Plastics.

**Home:** Dalton, MA. Originally from Kingston, Jamaica.

**Education:** BS and MS Industrial Engineering, Stanford University.

**Influences:** His parents instilled strong values which "focused on respecting people, applying yourself to accomplish goals and maintaining family."

**Heroes:** His dad: "He taught me that it's not where you start that's important, but where you end - go after your dreams."

**Interests:** Spending time with his kids, international travel and listening to loud reggae music on a very hot day.

**Investment Strategy:** Wayne focuses on stock funds, both global and domestic.

**Strength:** Quick study who finds a way to win regardless of environment.

**Weakness:** Sweet desserts, especially cakes.

**Philosophy:** "Make a difference in everything you do."

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## INBOX

### Résumé slip-ups

*Five mistakes that can cost you the job*

**Y**ou're just about to mail your résumé when you spot a small faux pas. Should you assume no one will notice? Not if you want that interview.

"A small error on your résumé could kill your job search," cautions Robin Ryan, a career coach and author of *Winning Résumés* (John Wiley & Sons, \$10.95). "Employers want a winning employee, so they look for a top-notch résumé." For this reason, it's imperative that it be complete, accurate and professional in appearance. Ryan advises that you avoid these common résumé pitfalls:

■ **Using two or more pages.** Create a stronger impact by limiting your résumé to one page. Focus on your work over the last four years, highlighting only relevant information and accomplishments.

■ **Being dishonest.** Don't stretch

the truth about your educational background or other credentials. Many employers do an extensive investigation of their new employees shortly after they're hired; liars may be fired.

■ **Overusing gimmicks.**

Employers aren't impressed by colored paper or fancy typefaces. Stick to résumés that are laser-printed or reproduced by a high-quality copier.

■ **Listing duties rather than accomplishments.**

Your résumé should give concrete examples of how you saved money, increased profits or improved productivity. Companies want employees who get results.

■ **Using a generic approach.** Don't send the same résumé to everyone. The skills, actions, and results on your résumé should be tailored to the job that you're applying for—that's the only way you'll get noticed.

—Monique R. Brown



TONY Q. CHAMPAGNE

## DID YOU KNOW?

### Engineering jobs slipping away

**A** booming U.S. engineering industry has meant extraordinary gains for foreign engineers and missed opportunities for Americans, particularly minorities. According to a recent National Action Council for Minorities in Engineering study, engineering employment opportunities have grown by nearly 20% over the past four years, but African Americans, Latinos, and Native Americans make up less than 6% of the engineering workforce. And that percentage may decrease as corporations continue to look abroad to fill the jobs that would otherwise go unfilled annually.

Compounding this is the fact that in 1996 minority college engineering graduates garnered only 10% of engineering bachelor's degrees, 5% of master's and 3% of doctorates. Foreign-born engineers made up more than 40% of U.S. graduate school enrollment, received almost half the doctorates and held more than 60% of the post-doctoral R&D positions in 1995.

—M.R.B.

## SINCE YOU ASKED...

### TEAMING UP ON YOU?

**Q** My job interview was with a team of people. I was overwhelmed. What should I do next time?

**A** "Smart job seekers do their homework," says China Frazier, senior human resources consultant at Watson Wyatt, a management consulting firm in Sherman Oaks, California.

"Find out who will be on your interview panel, their role in the organization and who the decision maker is likely to be." Panels reflect the team-based culture we live in and accomplish many goals for the organization, adds Frazier. So, get used to it.

Team interviews save time, cover everyone's issues at once and test the candidate's ability to focus. Besides that, you will most likely be working with that particular team, so they are interested in your "team spirit."

This is an opportunity to shine. Introduce yourself and state the job you're interviewing for. Make eye contact with everyone when answering questions. Keep answers short and when appropriate give examples of your accomplishments. Don't be afraid to ask for clarification if necessary and have questions prepared. Bring additional résumés and, by all means, adds Frazier, maintain a sense of humor.



China Frazier

EDITED BY

Cassandra Hayes

## MAKING CONNECTIONS

# It's time for a career workout

*Seasoned business professionals can get in shape with an executive coach*

In October 1995, Bill Franklin accepted an offer with a New Jersey insurance company as director of national recruiting. But within months, his enthusiasm waned. Nothing he did seemed to please his vice president and he felt shortchanged on the support he needed to be effective, such as being introduced to the right people in the organization and receiving recognition for jobs he thought were well done.

The low point came after Franklin organized a training conference to help upgrade the skills of company recruiters. He received kudos from his peers, but his vice president hardly acknowledged him. Knowing he had to do "something drastic," in March 1997, Franklin hired Val Williams, an executive coach and president of Professional Coaching and Training in Edison, New Jersey. Williams served as a combination consultant, counselor, cheerleader and mentor. The experience proved to be a turning point in Franklin's career.

"Mentors-for-hire" are a relatively new phenomenon, but the demand is increasing. The number of trained coaches—people who help executives achieve professional and personal goals—has more than tripled since 1996, from 500 to 1,610.

Enhancing executive coaching's popularity is the fact that mid- to senior-level executives realize that they need mentoring no matter how high up the corporate ladder they go.

With Williams' help, Franklin, 49, realized that part of the disharmony with his superior was due to his blunt and direct communication style. "I was used to being in charge," says Franklin, who owned his own financial services firm for 20 years before he joined the company. "It was a dramatic adjustment to go from entrepreneur to corporate executive." Through confrontation- and conflict-resolution exercises, Franklin learned how to communicate with his vice president using neutral language and his strong selling skills. Within three months, Franklin had established a good relationship with the vice president. Networking throughout the company, he eventually transferred to a new position as a senior training consultant for field technology.

Unlike management consultants, coaches use a personalized, philosophical approach that focuses on career and life issues, and follow up to ensure the executive's progress.

While there is some career counseling involved, coaches don't administer interest and aptitude tests. Williams' clients are successful business professionals between 30 and 60 years old who want to move to the next level but need help getting there.

Coaching sessions are generally held on a weekly or monthly basis. Sessions typically run 30 minutes and cost \$300-\$1,500 a month depending on the coach and complexity of the issues involved. Ask your benefits director if your company covers such training. The relationship usually lasts from three to six months depending on client needs. As in any teaching environment, there is homework.

The typical coaching candidate is in career transition, burned out or wants to find new direction in life. That was the case for Leslie Gaines, 38, a former sales representative for a medical insurer. Guided by Williams,

Gaines was able to clarify her career and life goals, eventually moving from the East Coast to the less-stressful Midwest to take a job as marketing manager for Delta Dental Plan of Michigan in Lansing. Gaines, who says her life is more balanced today, now runs a part-time textile and antique business while training for triathlons.

If your career is ready for a workout, here's how to find a coach who's right for you:

■ **Get personal referrals.** The best way to find a coach is by talking to someone who has been coached. Also, organizations such as Coach University ([www.coachu.com](http://www.coachu.com)) and International Coach Federation ([www.coachfederation.org](http://www.coachfederation.org)) maintain directories of coaches.

■ **Interview at least three coaches.** Because the profession is relatively new, it's still unlicensed and unregulated. "You've got to shop around," says Williams.

■ **Evaluate credentials.** Do they have training in coaching skills? What is their education and business background? Williams, a former corporate executive, holds a master's degree in counseling psychology and has had training as a coach.

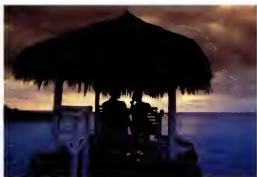
■ **Seek a compatible style.** Find out what their philosophy of coaching is. Give them a scenario and ask them how they would coach you on it. Do their answers resonate with you?

—Phaedra R. Brotherton



TOM O. CHAMPAGNE

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## PROFESSIONAL SPOTLIGHT

# The strategy of a shadow warrior

*Paget Alves leads Sprint's charge on wholesale long distance*

Even if Sprint's not your long-distance provider, you've probably used a service or product Paget Alves has sold. From prepaid calling cards to Internet browsers to discount long distance, his battlefield—the multi-billion dollar world of wholesale services—is the fastest growing segment of the long-distance industry.

As president of Sprint's Wholesale Services Group, which has an operating budget of over \$30 million, the 43-year-old Alves is responsible for the sales, marketing, product development and customer support of Sprint's private-branded long-distance services. Sprint markets these to three segments: independent resellers, regional Bell-operating companies (RBOCs) and emerging markets, such as utility companies. All three purchase Sprint's wares to resell them under their own brand.

"There are over a thousand resellers in the U.S.," says Alves. "What they need to compete is access to a long-distance infrastructure and network." The newest players are the RBOCs, which within one to two years will be offering long-distance services to their customers. "They're expected to achieve 10%-20% penetration," explains Alves. "When that occurs, my business will double."

Long-distance service is a mega-industry. In 1997, Sprint, which ranks third behind AT&T and MCI, captured \$8.9 billion in long-distance revenues. The Wholesale Services Group contributed over \$1 billion to that sum, ranking second in wholesale worldwide behind WorldCom. Additionally, in 1997, Sprint's wholesale revenues advanced at a rate of more than 25%, twice as fast as the overall wholesale industry and four times as fast as the long-distance industry.

Prior to becoming president last February, Alves was vice president and general manager of Wholesale Services. During his tenure, he oversaw the independent reseller



**"We're in an atmosphere of frenetic and global deal-making," says Alves**

segment and transformed Wholesale Services from a sales-driven organization to a marketing-oriented team. He assisted in the creation of an in-house marketing group, which now develops proactive strategies. "We analyze our market first, then develop the products customers need," explains Alves. Last year, Wholesale Services launched its first new product in years—a prepaid long-distance card. This year there are plans for more new entries, including Internet and data transmission sales and services.

Alves came to Sprint in 1996 with the necessary arsenal to compete. Armed with both a B.S. and a law degree from

Cornell, the White Plains, New York, native joined IBM as a law clerk in 1982. Four years later, he graduated to area counsel. In 1988, he joined Murata Business Systems as general counsel. Murata, a Japanese-owned company, was the first to offer a consumer fax machine and, at its height, held the No. 2 spot in the U.S. as a fax provider.

By 1996, Alves had become executive vice president, the highest-ranking American post at Murata, where he was responsible for expanding the company's role with private-branded distributors such as Pitney Bowes and Monroe. Later that year, he joined Sprint. "Many people wonder about the legal background," remarks Alves, "but the analytical skills I learned as a lawyer have been very helpful. I always wanted to be in business, but knew the legal background would give me the edge."

Looking toward future victories, Alves explains that as the ripple effect from the Telecommunications Act of 1996 continues and international deregulation starts to kick in, he and his army of 300 employees will also continue to advance. "We're in an atmosphere of frenetic and global deal-making," says Alves. "There is not a day or week that goes by that something doesn't happen to impact our business."

—Hal Karp

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---

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# Powerplay

## CAREER AT A GLANCE

### A gem of a job

**Occupation:** Gemologist

**Job description:** Grade and identify diamonds and colored stones for retail, wholesale or jewelry manufacturers.

**Salary range:** \$20,000-\$35,000 plus sales commissions for entry-level retail positions. Earning potential depends on skills and experience. For more seasoned professionals, income is unlimited.

**Training:** Diploma from Gemological Institute of America (GIA) is highly recommended. GIA students can attend a six-month on-campus program at a cost of \$10,500 or complete a home-study course for roughly \$3,000. Most gemologists usually enter the field as a retail sales representative.

James Masters is one of a handful of professionally trained African American gemologists in the U.S. The 48-year-old began his career nearly 20 years ago as an assistant buyer in the jewelry division of Sanger Harris, a department store in Dallas. His first encounter with jewelry was "love at first sight," and he decided to obtain his gemologist diploma to better serve his customers.

In 1980, after completing only one course, Masters joined Zale's Jewelers, one of the largest jewelry store chains in the country, as a salesperson. Currently, he is a salesperson with Gordon's Jewelers in Arlington,



Texas. It took Masters two years to obtain his gemologist diploma under GIA's homestudy option, and he says, "Before I took the course, I sold \$200 pieces; now I can sell pieces worth \$2,000 or even \$20,000."

Masters advises anyone wanting to follow in his footsteps to start small. "Obtain a summer job or internship at one of the department stores to get exposure to the jewelry industry," he says. "That will give you a chance to feel the merchandise and see if you like the business."

For more information about this career, contact GIA, 53445 Armada Dr., Carlsbad, CA 92008; [www.gia.edu](http://www.gia.edu) or call 800-421-7250.

—Monique R. Brown

## HIGHER LEARNING

### Take a biological approach

**T**he Biomedical Science Careers Project is bridging the gap between minorities and careers in the sciences. The organization provides workshops, seminars, mentoring and networking opportunities to minority groups underrepresented in the sciences, particularly African, Hispanic and Native American students.

The project is open to academically outstanding students from high school to postdoctoral levels. Students study at institutions throughout New England. Scholarship information, a free newsletter and resource directory are available by calling 617-432-0552, or e-mail Lise Kaye at [lkaye@warren.med.harvard.edu](mailto:lkaye@warren.med.harvard.edu).

—M.R.B.

## BULLETIN BOARD

### A WOMAN'S RIGHTS

Have you ever been asked about your child care plans in an interview? Have you ever found yourself unjustly

fired and not know what to do about it? If so, *The Working Woman's Legal Survival Guide: Know Your Workplace Rights Before It's Too Late* (Prentice Hall Press,

S25) by Steven Mitchell Sack can help you put things in perspective.

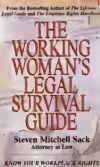
The guide has many obvious and not-so-obvious illegal employment situations, followed by resolutions and helpful tips. It gives concise information to help you negotiate for better job security as well as a list of things you should know if your job is in jeopardy. It also covers benefits and entitlements granted by law, including health coverage such as COBRA and retirement benefits.

In addition, the book also offers a host of sample letters and contracts, plus resolution options you can use if you find yourself facing one of the problems it covers. Self-employed or independent contractors will also find this an important resource.

Although this guide is by no means a substitute for sound legal advice, the easy-to-understand, detailed information will certainly put you on the right track.

—April Robbins

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## CONVENTION CALENDAR

■ The National Association of Urban Bankers will meet in Miami, May 31-June 6. ☎ 202-861-0000

■ Professional Women in Business will gather in Los Angeles, June 5-6. ☎ 310-669-4723

■ 100 Black Men of America Inc. will hold its convention in New Orleans, June 10-14. ☎ 404-688-5100

■ The National Association of Minority Automobile Dealers will meet in Houston, June 11-14. ☎ 202-789-3140

■ The National Insurance Association will gather in Las Vegas, June 11-14. ☎ 702-269-2445

■ The Airport Minority Advisory Council will meet in Washington, D.C., June 14-17. ☎ 703-548-8806

■ The National Newspaper Publishers Association will hold its convention in Memphis, Tennessee, June 17-21. ☎ 202-588-8764

■ The National Association of Juneteenth Lineage will hold its annual celebration in Galveston, Texas, June 19. ☎ 517-752-0576

■ The National Association of Minority Contractors will meet in Anaheim, California, June 24-28 ☎ 202-347-8259

**Powerplay**  
**BLACK ENTERPRISE**  
**130 Fifth Ave.**

**New York, NY 10011-4399**

On The Move submissions must include a color photo for consideration. Photos cannot be returned.

## ON THE MOVE

### Steve Mills

has been appointed senior vice president of basketball development at the National Basketball Association in New York. Mills is responsible for the league's domestic and international basketball relationships, which include the NBA Players Association and USA Basketball. Previously, he was vice president of corporate development at the NBA Commissioner's Office.



### Westina Matthews

has been named first vice president and senior director of corporate responsibility at Merrill Lynch in New York. Matthews will lead the company's diversity initiatives, which include community economic development, as well as oversee philanthropic activities. Previously, she was vice president and manager of philanthropic programs.

### Terry Owens

has been appointed vice president of diversity at Occidental Chemical Corp. in Dallas. In this newly created position, Owens is responsible for the company's diversity initiatives and will serve as counsel on human resources concerns. Most recently, Owens served as vice president of employee development systems.



### Monique L. Jones

has been promoted to director of business planning and development at Polygram Filmed Entertainment in Beverly Hills, California. Jones is charged with forecasting film profitability, evaluating potential acquisition and investment opportunities, analyzing talent and co-financing deals. Previously, she served as manager of business planning and development.

### Vincent L. Miller

has joined Municipal Credit Union in New York as vice president of member relations business development. Miller is responsible for increasing the company's 230,000-plus membership and building a sales force. MCU has over \$600 million in assets. Previously, he was assistant vice president at Schmitt Sussman Enterprises, a New York insurance agency.



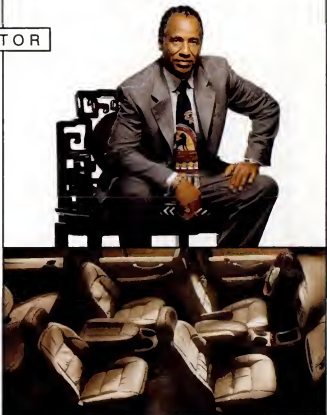
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\*Financial information for The Guardian Life Insurance Company of America as of 12/31/97: \$14.4 billion in assets, \$12.9 billion in liabilities (includes \$9.5 billion of reserves) and \$1.4 billion in surplus.

\*\*401(k) products and variable annuities are issued by The Guardian Insurance & Annuity Company, Inc. (GIAC), a wholly owned subsidiary of The Guardian Life Insurance Company of America, New York, N.Y. Securities products are distributed by Guardian Investor Services Corporation (GISC), 201 Park Avenue South, New York, N.Y. 1-800-221-3253; Member NASD, SIPC. GISC is an indirect wholly owned subsidiary of The Guardian Life Insurance Company of America.

NINETEEN 98

BLACK ENTERPRISE 100s

THE NATION'S LARGEST  
BLACK BUSINESSES

ARCHITECTS OF THE NEXT MILLENNIUM

B.E. 100s OVERVIEW

B.E. COMPANY OF THE YEAR

B.E. AUTO DEALER OF THE YEAR

B.E. 100s FRESHMAN CLASS

B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

B.E. INSURANCE OVERVIEW

B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

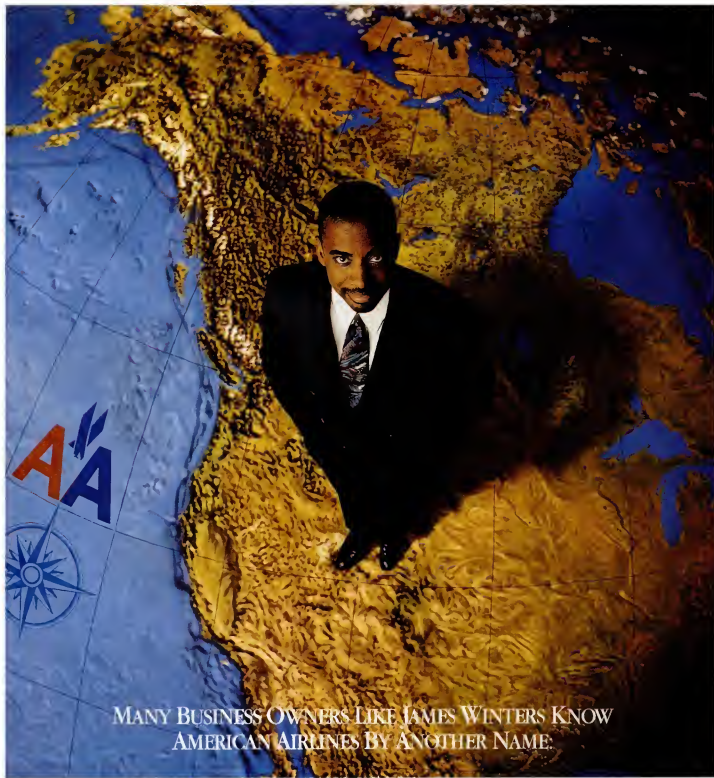
B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

26th ANNUAL REPORT ON

BLACK BUSINESS

ARCHITECTS OF THE  
NEXT MILLENNIUM



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B.E. COMPANY OF THE YEAR

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B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

B.E. INSURANCE OVERVIEW

B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS' REPORT

BEYOND THE B.E. 100s

**AMERICA'S LARGEST BLACK-OWNED BUSINESSES HAVE** been in perpetual motion. With activities ranging from massive divestitures to major acquisitions, the chief executives of the **BLACK ENTERPRISE 100s** have dramatically altered the landscape of black business for years to come. For one, total sales for the **BE 100s** were \$13.19 billion in 1997, a 6.49% drop from \$14.1 billion in 1996. This marks the first time the combined sales of the **BE INDUSTRIAL/SERVICE 100** and the **BE AUTO**

# DAWN OF THE BLACK MILLENNIUM

The B.E. 100s have ridden the wave of economic prosperity to great heights, but will the good times continue into the next century?

**DEALER 100** have declined since the two lists were created in 1988.

Last year, one of the most significant developments among **BE 100s** companies was the radical restructuring of the assets of **TLC Beatrice International Holdings Inc.**, the perennial list leader with 1996 gross sales of \$2.2 billion. The New York-based concern

hawked its French food distribution business, which accounted for a substantial \$1.9 billion of gross revenues, to a major French food retailer for \$573 million. Because the division was sold in 1997, the revenues it generated up until the sale were more than enough for **TLC Beatrice** to remain the nation's largest black-owned business with \$1.4 billion in sales. **TLC Beatrice** now maintains a snack food company in Ireland, ice cream manufacturers in Spain and the Canary Islands and bottlers in Europe and Thailand. The projected gross sales for the ultra-lean entity:

By **Derek T. Dingle**

\$344 million in 1998.

As a result, Mel Farr Automotive Group (No. 1 on the **BE AUTO DEALER 100** list with \$573.1 million in gross sales) is in the driver's seat of the nation's largest black-owned enterprise. And the transaction creates an interesting battle between Chicago-based Johnson Publishing Co., with \$361.1 million in gross sales, and Philadelphia Coca-Cola Bottling Co., with gross sales of \$357 million.

The asset sale and the departure of several companies from the list significantly changes the revenue and employee base for the **BE INDUSTRIAL/SERVICE 100**. Collective revenues plunged 6.65%, from \$8.18 billion in 1996 to \$7.64 billion in 1997. But the industrial/service companies show a net increase of 1,971 jobs, up 4.28% from '96. So how can jobs increase when sales plummet? The sales drop of the industrial/service list was disproportionately impacted by TLC Beatrice Holdings' sale of its French food division. In fact, if you factor out the sales of the No. 1 company on the list over the last two years, the remaining 99 companies actually experienced sales growth in 1997 to the tune of 4.8%.

Since no one auto company accounts for 25% of total sales, one would think that the **BE AUTO DEALER 100** list would not undergo such a downward shift in revenues. Unfortunately, the volatility of the auto industry contributed to 22 new auto dealers making our listing. What accounts for the massive exodus of auto dealers? Many simply did not make this year's ranking. And at least eight dealers sold their franchises and are no longer black-owned. Among the biggest casualties, Alvin Smith Chevrolet-Oldsmobile Inc. in Brighton, Colorado—No. 2 on our list last year with \$388 million in sales—who decided to retire.

Collectively, the **BE AUTO DEALER 100**

list experienced a 6.26% decline in sales growth, from \$5.93 billion in 1996 to \$5.55 billion in 1997. And 9,111 employees received paychecks from the **BE AUTO DEALER 100** list—a 1.05% decrease from the previous year. Several auto dealers suffered significant sales losses. CEO Jesse A. Moore saw sales for his Warner Robins Oldsmobile Cadillac Pontiac GMC-Truck

entire year—gross domestic product (GDP) grew at an impressive 3.8% in 1997, the best showing in a decade. The **BE 100s** CEOs have spent the past few years strategically positioning their companies by bolstering internal operations and identifying external growth opportunities. In short, they have prepped their companies for the next millennium.

### ELIGIBILITY FOR THE B.E. 100s

The **BE 100s** are comprised of the **BE INDUSTRIAL/SERVICE 100** and the **BE AUTO DEALER 100**. To be eligible for the **INDUSTRIAL/SERVICE 100**, a company must have been fully operational in the previous calendar year and be at least 51% black-owned. It must manufacture or own the product it sells or provide industrial or consumer services. Brokerages, real estate firms and firms that provide professional services (accountants, lawyers, etc.) are not eligible. To qualify for the **AUTO DEALER 100**, a dealership must have been fully operational in the previous year and be at least 51% black-owned.

**BLACK ENTERPRISE** consults industry analysts and other sources to verify the information contained in the lists. All data are reviewed by the accounting firm Mitchell & Titus, L.L.P. Companies not appearing on this year's list (but previously listed) have been excluded because they are no longer black-owned or their gross sales have dropped below the minimum level required to make the list.

The **BE 100s**, as well as other business lists compiled by **BE**, are available on computer disk, in both DOS and Mac formats. **TopList Software** provides mailing addresses and phone numbers of the companies listed as well as other software features.

For more information, contact **B.E. Unlimited** at 212-886-9576.

### CHANGE IS CONSTANT

As always, the **BE INDUSTRIAL/SERVICE 100** list has experienced significant comings and goings. Ten companies left the list last year because of divestitures or bankruptcies, or they simply did not meet the \$18 million minimum to make the cut. Some companies, however, leave as quickly as they arrive. Take West Palm Beach, Florida-based Convenience Corp. of America Inc. (CCA), last year's rising freshman that ranked No. 8 with sales of \$137.4 million from its chain of 150 convenience stores and gasoline stations. Last year, CEO Leslie M. Corley sold a majority interest for an undisclosed sum to a group of investors, apparently because of its troubled operations. Although terms of the deal prohibited Corley from revealing the name of the investment group and the value of

the sale, an official for Contemporary Industries Corp., the operator of the 7-Eleven franchises that CCA owns, "filed for voluntary bankruptcy" on Feb. 17 and has sent prospectuses "to over 100 parties as part of a bankruptcy sale of assets." (See "7-Eleven Acquisition Sours," Newspoints, this issue.)

Another concern, Am-Pro Protection Agency Inc., was bounced off the list after first filing for Chapter 11 bankruptcy last May and then being forced by Nations-Bank, its main creditor, to liquidate its holdings after the bank won a petition to lift the company's protected status.

Top performer Sylvest Management

HERE'S TO  
BEING IN THE  
**BLACK**

CONGRATULATIONS  
TO THE B.E. 100s.



## B.E. 100s OVERVIEW

Systems Corp., the Lanham, Maryland, computer and network integration firm that grossed \$107.5 million in 1996, was sold to majority-owned Federal Data Corp., a systems integration firm in Bethesda, Maryland. CEO Gary Murray said the company was not sold because of a financial short circuit. He believed the merger could reprogram Sylvest into a full-service Goliath that could provide both products and services to federal agencies.

Some new arrivals are vying for leadership of the pack. One such company is

World Wide Technology Inc., a St. Louis-based marketer of integrated technical solutions for corporate clients (No. 11 with sales of \$135 million). Its most recent coup was signing—along with two other minority-owned companies—a \$150 million contract with Southwestern Bell and Lucent Technologies to test, distribute and assemble electronic components. Says CEO David L. Steward about its phenomenal growth over the past seven years: "We always look for opportunities. We are poised to take advantage of the industrial revolution in today's Information Age."

### MAKING ADJUSTMENTS AND GAINING CONTROL

Many BE 100s CEOs have boosted their company's value and put their operations on an even keel. At the heart of the TLC Beatrice divestiture was its management's mandate to meet the objective of late CEO Reginald Lewis—the brilliant financier who orchestrated the historic \$985 million acquisition in 1987—to increase shareholder value. The funds enabled the company to successfully complete a \$175 million tender offer for its outstanding 11.5% senior secured notes due 2005. "We significantly reduced our debt obligations," CEO Loida Lewis told BE. "We have an excellent col-

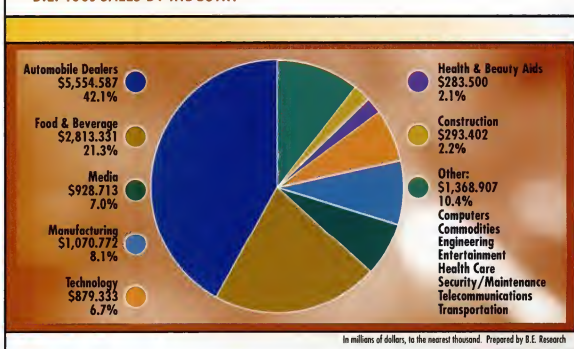
lection of companies and we will continue our program of maximizing value and increasing liquidity."

The sale means the No. 1 spot could well be up for grabs next year. Waiting in the wings is Philadelphia Coca-Cola, which posted an impressive revenue growth of more than 9% by gulping new territory in Northern New Jersey and unveiling such new products as Surge and Cool Necta. "With the new customers and brands, we realized a significant increase in sales over the past year," says CEO J. Bruce Llewellyn.

the publication's white individual investors. "Ebony and Jet had their best years ever in 1997," asserts CEO John H. Johnson. "I am cautiously optimistic about 1998. We have made changes, however, that will keep us well positioned."

Other BE 100s CEOs simply sought to take back control of the companies that they built. Last September, CEO Robert L. Johnson and Liberty Media Corp., a subsidiary of TeleCommunications Inc. (TCI), announced their intentions to take BET Holdings Inc. (No. 7 on the BE INDUSTRY-

### B.E. 100s SALES BY INDUSTRY



In millions of dollars, to the nearest thousand. Prepared by B.E. Research

"We intend to continue to grow our franchise through such expansion."

Johnson Publishing Co. Inc. (JPC), the Chicago-based publishing, cosmetics and hair care monolith, showed a gain largely due to advertising growth in its long-standing publications, *Ebony* and *Jet*, and sales of its Fashion Fair cosmetics line. The concern, however, spent much of last year restructuring its major businesses. JPC suspended publication of decade-old *Ebony* *Man*; discontinued *E-Style*, its catalogue venture with Spiegel; installed new management within its hair-care division; and increased its ownership stake of *Ebony* *South Africa* from 51% to 85%, buying out

AL/SERVICE 100 list with \$170 million in gross sales) private in a \$288 million bid. The proposed buyback resulted in a class-action lawsuit by minority shareholders against Johnson; John Malone, CEO of TCI; and the BET board of directors. In late January, the board's special independent committee determined that the proposed \$48-a-share offer "was not adequate," forcing Johnson and others back to the drawing board. After regrouping and upping the ante, Johnson got the BET board to approve a revised offer of \$378 million, or \$63 a share.

Johnson has continued to strengthen and expand his franchise through the creation of



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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. 100s OVERVIEW

a new BET on Jazz, a music-themed restaurant in Washington, D.C., and a dance/entertainment club on Disney's Pleasure Island called BET SoundStage Club. Also on the list of acquisitions is *Heart and Soul* magazine, the black-oriented health and fitness publication, from Rodale Press, the majority-owned magazine publisher based in Emmaus, Pennsylvania. A Las Vegas casino is also being planned.

### BENEFITING FROM THE ASIAN CRISIS

While the Asian financial crisis roiled international money markets last year, several BE 100s companies reaped benefits from the turmoil. One such company was Northbrook, Illinois-based Fuci Metals USA Inc. (No. 22 on the BE INDUSTRIAL/SERVICE 100 list with \$86.5 million in gross sales). "As Asian currencies weakened, there was an increased volatility in the prices of all commodities," says CEO A. Demetrius Brown. "They were trying to establish fixed-price contracts to minimize the downside. Most of my customers placed orders quickly in order to lock in lower prices."

Fuci's 31% sales growth did not rise from Asia's financial woes. It continues to be one of the largest distributors of Russian silicon in the United States. And, the concern entered into a deal that could push it into the top 10 of the BE INDUSTRIAL/SERVICE list. Fuci will supply Ford Motor Co. with 80,000 tons of aluminum. Says Brown: "Because of this deal, we will see our revenues grow to as much as \$130 million in 1998."

Fair Oaks Farms, a Kenosha, Wisconsin-based food processor (No. 44 on the BE INDUSTRIAL/SERVICE 100 list with \$44 million in sales) increased its volume orders with customers in Hong Kong and Japan between 40% to 50% at the beginning of the Asian crisis. "The initial panic was short-lived," says CEO David Duerson. "But it worked to our advantage."

Duerson beefed up sales on the domestic front as well. He invested roughly \$7.5 million to upgrade operations and complete a new sausage linking and bacon production facility in Iowa. Now, Fair Oaks Farms is really cooking: the concern snared a contract to serve White Castle's 303 outlets with sausage and bacon products for its breakfast trade as well as supply Burger King's three Midwestern distribution centers. "It's like our field of dreams," says Duerson. "We built the facility and the

apparel. Last year, the company snagged such lucrative licenses as the Jackie Robinson 50th anniversary celebration and T-shirts of a stamp collection based on *The Munsters*. He is currently wooing the National Football League and the National Football League.

To bolster the company's capital reserves for this major undertaking, he initiated a \$7.5 million private placement of convertible preferred stock. Investors include grid-iron superstar Warren Moon and actor

Samuel L. Jackson. "I view it as the creation of strategic alliances," Terry told BE. "The investors bring additional business like Sam Jackson's golf tournament or Warren Moon's connection with J.C. Penney, and we, in turn, pay them royalty income and dividends."

For Soft Sheen Products Inc. (No. 18 on the BE INDUSTRIAL/SERVICE 100 list) the opportunities come from pulling in new consumers. In addition to its traditional brands—Soft Sheen, Optimum Care, Mizani—the company created Alternatives, a new relaxer product for Generation Y consumers. To reach the burgeoning urban youth market, Soft Sheen promoted Alternatives on local television in the top 25 markets populated by African Americans.

### AN APPETITE FOR ACQUISITIONS

A number of BE 100s companies continue to buy growth. Take Milwaukee-based V&J Foods, Inc. (No. 28 on the BE INDUSTRIAL/SERVICE 100 list) grew a phenomenal 89.2%, from gross sales of \$36 million in 1996 to \$70 million in 1997, by buying 61 Pizza Hut franchises located in the New York suburbs of Rochester and Syracuse. V&J has started the process of "co-branding" the Pizza Hut franchises with the Burger King outlets that it currently owns.

Grocer Jonathan Johnson took another track. After his deal to purchase a supermarket in Virginia's Tidewater area fell

### 1998 B.E. 100s

|              | 1996         | 1997         | DIFFERENCE | PERCENT CHANGE |
|--------------|--------------|--------------|------------|----------------|
| Total Sales* | \$14,107,600 | \$13,192,545 | -915,055   | -6.49%         |
| Total Staff  | 55,242       | 57,116       | 1,874      | 3.39%          |

### 1998 B.E. INDUSTRIAL/SERVICE 100

|              |             |             |            |        |
|--------------|-------------|-------------|------------|--------|
| Total Sales* | \$8,182,356 | \$7,637,958 | \$-544,398 | -6.65% |
| Total Staff  | 46,034      | 48,005      | 1,971      | 4.28%  |

### 1998 B.E. AUTO DEALER 100

|              |             |             |            |        |
|--------------|-------------|-------------|------------|--------|
| Total Sales* | \$5,925,244 | \$5,554,587 | \$-370,657 | -6.26% |
| Total Staff  | 9,208       | 9,111       | -97        | -1.05% |

\*In millions of dollars, to the nearest thousand.  
Prepared by B.E. Research. Reviewed by Mitchell & Titus L.L.P.

business came. Doors have opened up for us to pursue the military and hospitals as well."

The former defensive back is clearly taking the offensive. He has arranged for the restaurants to test-market his new line of retail food products, multi-flavored Double D Sausages.

### SEEKING OUT NEW NICHES

Terry Manufacturing Co. Inc., the apparel manufacturer (No. 59 on the BE INDUSTRIAL/SERVICE list with gross sales of \$35.3 million), is also busting at the seams. Beyond producing uniforms for the military and fast-food outfits like McDonald's Corp., which currently comprise 60% of total sales, CEO Roy Terry has moved into consumer-oriented licensed

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# A Leader *In Your Community*



through, the president of Community Pride Food Stores (No. 43 on the BE INDUSTRIAL/SERVICE 100 list with \$46.7 million) decided to build one from scratch. He entered into an \$4 million agreement with the City of Richmond to develop a 45,000-sq.-ft. combo grocery store to service a high-traffic, affluent neighborhood. The new store, complete with an indoor cafe and a government-operated liquor store, is expected to ring up another \$20 million in annual revenues. Additionally, the supermarket chain is getting a \$6.8 million facelift to its eight existing outlets.

### NEW OPPORTUNITIES THROUGH CLINTON

Besides the healthy economy, some BE 100s companies are getting ready to take advantage of an agreement that the Clinton administration has reached with the Big Three automakers to increase minority procurement activity to 5% from the current 4.2%. The value of the new vending initiative: roughly \$3 billion by the year 2001. (Federal law requires automakers that sell vehicles to the government to use minority firms as suppliers.)

In fact, some BE 100s CEOs like Jon Barfield of The Bartech Group (No. 31 on the BE INDUSTRIAL/SERVICE 100 list with \$62 million in gross sales) believes the action will eventually drive his Livonia, Michigan-based temporary services firm to go public. "This program will increase our opportunity to do business with the large suppliers to the Big Three," said Barfield at Vice President Albert Gore's press conference about the initiative. "This program will open opportunities to source new capital, enabling Bartech to build or lease facilities within the minority community. Also, we are being given the same opportunity as our majority-owned counterparts to raise

capital in public markets in order to keep pace with the Big Three's expansion around the world."

Engineered Plastic Products (No. 76 on the BE INDUSTRIAL/SERVICE 100 list with \$28.7 million in sales) will make a grab for such contracting opportunities. For the past few years, CEO Gerald Edwards has fine-tuned the operation as the Big Three—like other Fortune 500 companies—have consolidated their supplier pool. Handling plastic interior trim for such vehicles as the new Corvette and the Dodge Dakota Truck, Edwards has invested \$600,000 in the latest injection molding equipment as well as beefed up his warehousing opera-

been brisk for the Genoa, Ohio-based firm, and it expects to gain additional contracts from the new agreement. Ironically, CEO Glenn Grady says that Clintonomics has been responsible for a manpower shortage. "Our biggest challenge is finding drivers," says Grady. "When the economy is flush, workers find other opportunities. The last thing they want to do is sit behind a truck."

### FACING INDUSTRIAL CHALLENGES

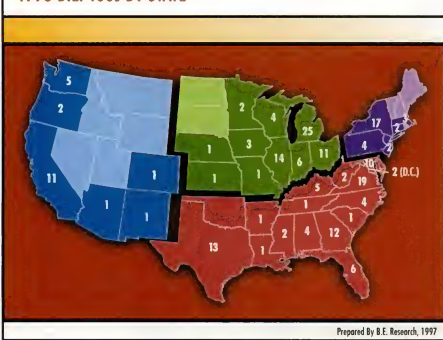
While the policies of the Clinton administration have been bountiful for some concerns, others like Baltimore-based Stop Shop Save Food Markets (No. 22 on the BE INDUSTRIAL/SERVICE 100 list ) have

been minding empty baskets. When the Clinton administration completed welfare reform last year, it clipped the food stamp program. The supermarket chain, which serves a low-income consumer base, lost a significant part of its revenue stream from the redemption of the currency. Over the past few months, CEO Henry T. Baines Sr. has been forced to consolidate operations because of a sharp reduction in sales. So far, he has shut down two stores and cut the company's workforce from 800 to 650. "In addition to the loss of revenues, we

found that twelve locations were too many. We were starting to cannibalize ourselves," he says. "We are also feeling competitive pressures from the big chains that are returning to the inner city."

BE advertising firms are confronted by a different threat. Increasingly, majority firms continue to tread on its turf through urban marketing boutiques. UniWorld Group Inc. (No. 2 on the BE ADVERTISING AGENCIES list with gross sales of \$162 million) is taking a two-prong approach to fighting off this well-heeled crop of competitors: holding on to its existing

### 1998 B.E. 100s BY STATE



Prepared by B.E. Research, 1997

tion. "I have maintained myself as a tier-one supplier," he says of the vending status to manufacture and ship parts directly to automakers instead of handling subcontract work. "The automakers have already acknowledged my company as a top vendor. The Clinton program will be icing on the cake."

Cimarron Express, which hauls cars for the Big Three (No. 72 on the BE INDUSTRIAL/SERVICE 100 list with \$30.1 million in gross sales) seeks to acquire another trucking operation that will be compatible with its current operations. Business has

## B.E. 100s OVERVIEW

marketing thrust with a vise-like grip and grabbing its share of lucrative general-market accounts.

UniWorld has increased its use of event marketing to deliver African American consumers to its clients. Through such programs as the UniverSoul Circus and the home-grown Acapulco Black Film Festival, the agency has established new venues where companies can connect with such consumer segments as black families and upwardly mobile African Americans. And, at the same time, UniWorld has extended its reach into the general market. Its Three Musketeers print and television ad campaign, featuring *The Nanny's* Fran Drescher, has become the most prominent. "We have developed opportunities for our clients that these ethnic boutiques can't match," says CEO Byron Lewis. "We just have to continue to show them that we can do it better."

### CREATING THE NEXT 100

The greatest challenge for all black-owned business—BE 100s included—is actually seeing the money. Last year, Earl G. Graves Ltd., the parent of BLACK ENTERPRISE magazine (No. 58 on the BE INDUSTRIAL/SERVICE 100 list with \$36.9 million in gross sales), launched the Black Enterprise/Greenwich Street Fund, a pri-

### TOP TEN GROWTH LEADERS

| COMPANY                            | LOCATION           | 1996 SALES* | 1997 SALES* | PERCENT INCREASE |
|------------------------------------|--------------------|-------------|-------------|------------------|
| Simi Valley Pontiac GMC Buick      | Simi Valley, CA    | 4,913       | 95,009      | 1833.8           |
| Fidelity Group                     | Great Neck, NY     | 6,000       | 18,000      | 200.0            |
| Davis Automotive Inc.              | Dallas, TX         | 23,375      | 64,293      | 175.1            |
| Roy Wilkinson Buick-Cadillac Inc.  | Racine, WI         | 39,679      | 107,804     | 171.7            |
| Adams McClure Inc.                 | Denver, CO         | 7,800       | 20,100      | 157.7            |
| United Communications Systems Inc. | McLean, VA         | 10,400      | 24,000      | 130.8            |
| Barnett Pontiac-Buick-GMC          | Fredericksburg, VA | 8,448       | 19,201      | 127.3            |
| Colhoun Enterprises                | Montgomery, AL     | 39,841      | 79,800      | 100.3            |
| V&J Foods                          | Milwaukee, WI      | 36,000      | 70,000      | 94.4             |
| Rodgers Chevrolet                  | Woodhaven, MI      | 19,815      | 37,194      | 87.7             |

\*In millions of dollars, to the nearest thousand.  
Prepared by B.E. Research. Reviewed by Mitchell & Titus LLP.

vate equity investment vehicle, to finance black-owned companies with gross sales between \$10 and \$100 million. The fund—in which Earl G. Graves Ltd. owns 51% and Travelers Group, the New York-based financial services conglomerate, owns 49%—is expected to have a capital base of at least \$60 million and enable concerns to position themselves to move into the \$50-\$100 million range—

and, eventually, go public.

Carlton L. Guthrie, the CEO of Lansing, Michigan-based Trumark Inc., one of the nation's largest black auto suppliers (No. 55 on the BE INDUSTRIAL/SERVICE 100 list with \$38.1 million in gross sales), took a different approach. Last year, he teamed up with CEOs, bankers and corporate professionals to create The Runners Club, an advisory group focused on transforming small black businesses into BE 100s companies.

The instruction includes the mechanics of structuring successful business deals, making internal operations more efficient and finding and keeping corporate clients. The entrepreneurs heard from the organization's top-notch brain trust, which includes BE 100s CEOs like Guthrie; William M. Buford III, CEO of Reliant Industries Inc. (No. 30 on the BE INDUSTRIAL/SERVICE 100 list with gross sales of \$68 million) and Loida Lewis, CEO of TLC Beatrice. "The BE 100s companies must take the lead in creating more large black-owned businesses," asserts Guthrie. "That's what we are trying to do with this program."

It will be interesting to see which of these companies emerge on the BE 100s — and, better yet, crack the billion-dollar mark. □

### TOP TEN EMPLOYMENT LEADERS

| COMPANY                                  | LOCATION        | EMPLOYEES | 1997 SALES* | EMPLOYEE-TO-SALES RATIO** |
|------------------------------------------|-----------------|-----------|-------------|---------------------------|
| TLC Beatrice International Holdings Inc. | New York, NY    | 4,500     | 1400.00     | 1:311                     |
| Johnson Publishing Co. Inc.              | Chicago, IL     | 2,677     | 361.112     | 1:135                     |
| Lo-Von Hawkins Urban City Foods L.L.C.   | Baltimore, MD   | 2,643     | 86.422      | 1:33                      |
| V & J Foods Inc.                         | Milwaukee, WI   | 2,400     | 70.000      | 1:29                      |
| H.J. Russell & Co.                       | Atlanta, GA     | 1,862     | 155.300     | 1:83                      |
| Lundy Enterprises LLC/Pizzio Hut         | New Orleans, LA | 1,710     | 26.000      | 1:15                      |
| The Bartech Group                        | Livonia, MI     | 1,640     | 62.000      | 1:38                      |
| Active Transportation                    | Louisville, KY  | 1,600     | 250.000     | 1:156                     |
| Barden Companies Inc.                    | Detroit, MI     | 1,600     | 110.000     | 1:69                      |
| Philadelpho Coca-Cola Bottling Co. Inc.  | New York, NY    | 1,500     | 357.000     | 1:238                     |

\*In millions of dollars, to the nearest thousand. \*\*In thousands of dollars, as of December 31, 1997.  
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## B.E. INDUSTRIAL/SERVICE 100


| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                  | LOCATION                   | CHIEF<br>EXECUTIVE   | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                                         | SALES*   |
|--------------|--------------|------------------------------------------|----------------------------|----------------------|-----------------|-------|-----------------------------------------------------------------------------|----------|
| 1            | 1            | TLC BEATRICE INTERNATIONAL HOLDINGS INC. | New York, New York         | Loida N. Lewis       | 1987            | 4500  | Manufacturing and distribution of grocery products                          | 1400.000 |
| 2            | 2            | JOHNSON PUBLISHING CO. INC.              | Chicago, Illinois          | John H. Johnson      | 1942            | 2677  | Publishing, broadcasting, TV production, cosmetics and hair care            | 361.112  |
| 3            | 3            | PHILADELPHIA COCA-COLA BOTTLING CO. INC. | Philadelphia, Pennsylvania | J. Bruce Ujewell     | 1985            | 1500  | Soft drink bottling                                                         | 357.000  |
| 4            | —            | ACTIVE TRANSPORTATION                    | Louisville, Kentucky       | Charlie W. Johnson   | 1987            | 1600  | Transportation services, hauling cars and trucks to dealers                 | 250.000  |
| 5            | 11           | THE BING GROUP                           | Detroit, Michigan          | Dove Bing            | 1980            | 594   | Steel processing, steel stamping, full seat assembly, foam mfg.             | 183.000  |
| 6            | 7            | GRANITE BROADCASTING CORP.               | New York, New York         | W. Don Cornwell      | 1988            | 1200  | Company sells commercial time primarily to retail businesses                | 181.083  |
| 7            | 10           | BET HOLDINGS INC.                        | Washington, D.C.           | Robert L. Johnson    | 1982            | 563   | Cable television programming and magazine publishing                        | 170.000  |
| 8            | 5            | H. J. RUSSELL & CO.                      | Atlanta, Georgia           | Herman J. Russell    | 1952            | 1862  | Construction, property mgt., airport concessions, real estate dev.          | 155.300  |
| 9            | 4            | PULSAR DATA SYSTEMS INC.                 | Lanham, Maryland           | William W. Davis Sr. | 1983            | 85    | Computer systems (sales, design, support, installation)                     | 151.000  |
| 10           | 13           | ANDERSON-DUBOSE CO.                      | Salon, Ohio                | Warren E. Anderson   | 1991            | 88    | Food, paper products and operating supplies distributor                     | 138.700  |
| 11           | —            | WORLD WIDE TECHNOLOGY INC.               | St. Louis, Missouri        | David L. Steward     | 1990            | 175   | Distribution of computer hardware/software/services                         | 135.000  |
| 12           | 17           | MAYS CHEMICAL CO. INC.                   | Indianapolis, Indiana      | William G. Mays      | 1980            | 132   | Stacking distributor and inventory management of raw materials              | 123.000  |
| 13           | 16           | MIDWEST STAMPING INC.                    | Bowling Green, Ohio        | Ronald L. Thompson   | 1993            | 545   | Automotive metal stamping and assemblies                                    | 121.000  |
| 14           | 18           | BARDEN COMPANIES INC.                    | Detroit, Michigan          | Dan H. Barden        | 1981            | 1600  | Casino gaming, interactive training, real estate development                | 110.000  |
| 15           | —            | SIMÉUS FOODS INTERNATIONAL               | Monterey, Texas            | Dumas M. Siméus      | 1996            | 400   | Custom food manufacturing for national restaurant chains                    | 105.000  |
| 16           | 19           | ESSENCE COMMUNICATIONS INC.              | New York, New York         | Edward T. Lewis      | 1969            | 136   | Magazine publishing and entertainment                                       | 104.822  |
| 17           | 25           | SPIRAL INC.                              | Chandler, Arizona          | Reggie Fowler        | 1989            | 6     | Supplies and services to grocery stores, amusement/entertainment facilities | 100.000  |
| 18           | 20           | SOFT SHEEN PRODUCTS INC.                 | Chicago, Illinois          | Terri L. Gardner     | 1964            | 395   | Manufacturer of ethnic hair care products                                   | 95.000   |
| 18           | 21           | WESLEY INTERNATIONAL INC.                | Bloomfield Hills, Michigan | Delbert W. Mullens   | 1983            | 800   | Coatings and castings                                                       | 95.000   |
| 20           | 22           | THOMAS MADISON INC.                      | Detroit, Michigan          | Geroldo Dodd         | 1990            | 650   | Metal fabricator and steel service center to automotive manufacturers       | 90.000   |

\*In millions of dollars, to nearest thousand. As of Dec. 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

## B.E. INDUSTRIAL/SERVICE 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                         | LOCATION                    | CHIEF<br>EXECUTIVE         | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                                           | SALES*  |
|--------------|--------------|-------------------------------------------------|-----------------------------|----------------------------|-----------------|-------|-------------------------------------------------------------------------------|---------|
| 21           | 23           | DIGITAL SYSTEMS<br>INTERNATIONAL CORP.          | Arlington,<br>Virginia      | Willie E. Woods            | 1988            | 807   | Information technology<br>and marine services                                 | \$9.417 |
| 22           | 24           | FUCI METALS USA INC.                            | Northbrook,<br>Illinois     | A. Demetrius Brown         | 1987            | 10    | Raw materials importer                                                        | \$6.500 |
| 22           | 14           | STOP SHOP SAVE FOOD MARKETS                     | Baltimore,<br>Maryland      | Henry T. Baines Sr.        | 1978            | 679   | Purchase and sale of groceries<br>and other related products                  | \$6.500 |
| 24           | 27           | LA-VAN HAWKINS URBAN CITY<br>FOODS, BURGER KING | Baltimore,<br>Maryland      | Lo-Van Hawkins             | 1995            | 2643  | Retail restaurant operations                                                  | \$6.422 |
| 25           | 52           | CALHOUN ENTERPRISES                             | Montgomery,<br>Alabama      | Gregory Calhoun            | 1984            | 510   | Supermarket and warehousing                                                   | \$9.800 |
| 26           | 26           | SAYERS COMPUTER SOURCE                          | Chicago,<br>Illinois        | Gale Sayers                | 1984            | 88    | Computer hardware and software,<br>value-added reseller of computers          | \$2.000 |
| 27           | 59           | CAPSONIC GROUP & CAPSONIC<br>AUTOMOTIVE INC.    | Elgin,<br>Illinois          | David B. Purdie            | 1968            | 500   | Designs and manufactures<br>parts and mechanical components                   | \$1.000 |
| 28           | 58           | V & J FOODS                                     | Milwaukee,<br>Wisconsin     | Valerie Daniels-<br>Carter | 1984            | 2400  | Burger King & Pizza Hut franchisee                                            | \$0.000 |
| 29           | 39           | PRO-LINE CORP.                                  | Dallas,<br>Texas            | Comer J. Cottrell          | 1970            | 267   | Cosmetics and hair care manu-<br>facturer and distributor                     | \$8.000 |
| 30           | 30           | RELIANT INDUSTRIES INC.                         | Bedford Park,<br>Illinois   | William M. Buford III      | 1992            | 380   | Manufacturer of fasteners<br>and cold formed products                         | \$7.955 |
| 31           | 29           | THE BARTECH GROUP                               | Livonia,<br>Michigan        | Jon E. Barfield            | 1977            | 1640  | Contract employment and<br>staffing services                                  | \$2.000 |
| 32           | 31           | AFRICAN DEVELOPMENT<br>PUBLIC INVESTMENT CO.    | Sherman Oaks,<br>California | Dick Griffey               | 1985            | 10    | African oil trading and import/export<br>of African oil and precious minerals | \$1.000 |
| 32           | 33           | PEPSI COLA OF<br>WASHINGTON, D.C., L.P.         | Forestville,<br>Maryland    | Earl G. Graves             | 1990            | 167   | Soft drink distributor                                                        | \$1.000 |
| 34           | 40           | DREW PEARSON<br>MARKETING INC.                  | Addison,<br>Texas           | David Briskie              | 1985            | 190   | Sales of licensed headwear<br>and apparel                                     | \$8.000 |
| 34           | 32           | SURFACE PROTECTION<br>INDUSTRIES INC.           | Los Angeles,<br>California  | Robert C. Davidson Jr.     | 1978            | 250   | Manufacturer and distributor of<br>paints and specialty coatings              | \$8.000 |
| 36           | 44           | LUSTER PRODUCTS CO.                             | Chicago,<br>Illinois        | Jary Luster                | 1957            | 313   | Hair care products manufacturer<br>and distributor                            | \$7.500 |
| 37           | 35           | BEAUCHAMP DISTRIBUTING CO.                      | Compton,<br>California      | Patrick L. Beauchamp       | 1971            | 140   | Beverage distribution                                                         | \$4.500 |
| 38           | 38           | EXEMPLAR MANUFACTURING CO.                      | Ypsilanti,<br>Michigan      | Anthony L. Snaddy          | 1977            | 140   | Metal fasteners manufacturing,<br>electrical systems supplier                 | \$1.950 |
| 39           | 40           | HEALTH RESOURCES INC.                           | Lemayne,<br>Pennsylvania    | David Dalton               | 1983            | 53    | Medical ancillary networks                                                    | \$1.300 |
| 40           | 83           | INNER CITY BROADCASTING CORP.                   | New York,<br>New York       | Pierre M. Suttan           | 1971            | 250   | Radio broadcasting and cable TV                                               | \$1.000 |

\*In millions of dollars, to nearest thousand. As of Dec. 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.



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## B.E. INDUSTRIAL/SERVICE 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                             | LOCATION                     | CHIEF<br>EXECUTIVE           | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                                           | SALES* |
|--------------|--------------|-----------------------------------------------------|------------------------------|------------------------------|-----------------|-------|-------------------------------------------------------------------------------|--------|
| 41           | 34           | THE O-J GROUP                                       | Detroit,<br>Michigan         | John A. James                | 1971            | 528   | Transportation, warehousing,<br>sequencing and foreign trade zone             | 50.541 |
| 42           | 44           | REGAL PLASTICS CO.                                  | Roseville,<br>Michigan       | William F. Pickard           | 1985            | 340   | Plastic injection molding, carpet<br>application and molding                  | 48.122 |
| 43           | 42           | COMMUNITY PRIDE INC.                                | Richmond,<br>Virginia        | Jonathan F. Johnson          | 1992            | 503   | Grocery retail                                                                | 46.700 |
| 44           | 48           | FAIR OAKS FARMS L.L.C.                              | Kenosha,<br>Wisconsin        | David R. Duerson             | 1995            | 254   | Meat processing                                                               | 44.000 |
| 45           | 60           | INTEGRATED PACKAGING CORP.                          | New Brunswick,<br>New Jersey | Joseph P. Wilson             | 1992            | 96    | Distributors and manufacturers of<br>corrugated boxes and displays            | 43.145 |
| 46           | 28           | KARL KANI INFINITY INC.                             | Los Angeles,<br>California   | Carl Williams                | 1989            | 16    | Clothing design and manufacturing                                             | 43.000 |
| 47           | 44           | SUPER PRIDE MARKETS                                 | Baltimore,<br>Maryland       | Oscar A. Smith Jr.           | 1970            | 400   | Supermarket                                                                   | 42.500 |
| 48           | 88           | WASHINGTON CABLE SUPPLY INC.                        | Lonham,<br>Maryland          | William H. Parker Jr.        | 1984            | 70    | Electrical and telecommunications<br>equipment distributor                    | 42.000 |
| 48           | —            | WITTNAUER INTERNATIONAL INC.                        | New Rochelle,<br>New York    | Robert Coleman               | 1996            | 175   | Manufacturers of watches<br>and fine jewelry                                  | 42.000 |
| 50           | 54           | RUSH COMMUNICATIONS &<br>AFFILIATED COMPANIES       | New York,<br>New York        | Russell Simmons              | 1991            | 113   | Music, film, television, advertising,<br>fashion and management               | 40.000 |
| 51           | 68           | INNOVATIVE LOGISTICS TECH-<br>NIQUES INC. (INNOLOG) | McLean,<br>Virginia          | Verle B. Hammond             | 1989            | 439   | Logistics systems engineering and<br>information technology                   | 39.200 |
| 52           | 54           | GOURMET COMPANIES INC.                              | Atlanta,<br>Georgia          | Nathaniel R.<br>Goldston III | 1975            | 1000  | Food service and golf<br>course management                                    | 39.000 |
| 53           | 43           | GRIMES OIL CO. INC.                                 | Boston,<br>Massachusetts     | Colvin M. Grimes Jr.         | 1940            | 4     | Petroleum distribution                                                        | 38.763 |
| 54           | 57           | THOMPSON HOSPITALITY CORP.                          | Reston,<br>Virginia          | Warren M. Thompson           | 1992            | 1500  | Restaurant, food and contract<br>food services                                | 38.500 |
| 55           | 44           | TRUMARK INC.                                        | Lansing,<br>Michigan         | Carlton L. Guthrie           | 1985            | 218   | Automotive metal stampings and<br>welded assemblies                           | 38.100 |
| 56           | 50           | METTERS INDUSTRIES INC.                             | McLean,<br>Virginia          | Samuel Metters               | 1981            | 300   | Information technology, engineering<br>and technical support services         | 37.804 |
| 57           | 66           | SOLO CONSTRUCTION CORP.                             | N. Miami Beach,<br>Florida   | Randy Pierson                | 1978            | 95    | Construction                                                                  | 37.300 |
| 58           | 73           | EARL G. GRAVES LTD.                                 | New York,<br>New York        | Earl G. Graves               | 1970            | 80    | Magazine publishing. Conduct business<br>and upscale recreational conferences | 36.896 |
| 59           | 62           | TERRY MANUFACTURING CO. INC.                        | Dothan,<br>Alabama           | Ray D. Terry                 | 1963            | 300   | Manufacturing, marketing and<br>distribution of apparel products              | 35.300 |
| 60           | 78           | INTEGRATED SYSTEMS<br>ANALYSTS INC.                 | Arlington,<br>Virginia       | C. Michael Gooden            | 1980            | 425   | Information technology and<br>engineering services                            | 34.100 |

\*In millions of dollars, to nearest thousand. As of Dec. 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.



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## B.E. INDUSTRIAL/SERVICE 100

| THIS LAST<br>YEAR YEAR |    | COMPANY                                            | LOCATION                        | CHIEF<br>EXECUTIVE   | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                                            | SALES* |
|------------------------|----|----------------------------------------------------|---------------------------------|----------------------|-----------------|-------|--------------------------------------------------------------------------------|--------|
| 61                     | 70 | OZANNE CONSTRUCTION CO.                            | Cleveland,<br>Ohio              | Daminic L. Ozonne    | 1956            | 120   | General construction and<br>construction management                            | 34.000 |
| 61                     | 75 | SENTEL CORP.                                       | Alexandria,<br>Virginia         | James F. Garrett     | 1987            | 270   | Engineering and technology services                                            | 34.000 |
| 63                     | 68 | MANAGEMENT TECHNOLOGY<br>INC. (MTI)                | Clinton,<br>Maryland            | Pouline C. Brooks    | 1985            | 620   | Information systems technology                                                 | 33.549 |
| 64                     | 67 | DUDLEY PRODUCTS INC.                               | Kenersville,<br>North Carolina  | Joe L. Dudley Sr.    | 1967            | 500   | Beauty products manufacturer and<br>cosmetology training                       | 33.000 |
| 65                     | 71 | RESOURCE ONE COMPUTER<br>SYSTEMS INC.              | Columbus,<br>Ohio               | Stampp W. Carbin     | 1992            | 40    | Desktop hardware, software, servers,<br>peripherals, systems integration       | 32.000 |
| 65                     | 96 | UNIVERSAL SYSTEMS &<br>TECHNOLOGY INC. (UNITECH)   | Fairfax,<br>Virginia            | Earl W. Stafford     | 1988            | 250   | Information technology                                                         | 32.000 |
| 67                     | 61 | THE MAXIMA CORP.                                   | Lanham,<br>Maryland             | Jashua I. Smith      | 1978            | 554   | Systems engineering, computers<br>and facilities management                    | 31.030 |
| 68                     | 76 | GILREATH MANUFACTURING INC.                        | Howell,<br>Michigan             | Leon Tupper          | 1991            | 260   | Custom-injection molding                                                       | 31.000 |
| 68                     | —  | WILSON OFFICE INTERIORS                            | Corrallton,<br>Texas            | B. D. Hill           | 1993            | 105   | Sales, design and installation<br>of office furniture                          | 31.000 |
| 70                     | 73 | C.H. JAMES & SON<br>(HOLDINGS) INC.                | City of Industry,<br>California | Charles H. James III | 1883            | 153   | Food processing and distribution                                               | 30.984 |
| 71                     | —  | GOLDEN WEST FOODS                                  | Bedford,<br>Virginia            | Frank B. Brooks      | 1995            | 175   | Marketer/manufacturer of custom food<br>products to national restaurant chains | 30.500 |
| 72                     | 82 | CIMARRON EXPRESS INC.                              | Gena, Ohio                      | Glenn G. Grady       | 1984            | 80    | Truckload transportation service                                               | 30.100 |
| 73                     | 84 | BRONNER BROTHERS INC.                              | Marietta,<br>Georgia            | Bernard Bronner      | 1947            | 300   | Haircare products manufacturing,<br>magazine publishing, salon mgmt.           | 30.000 |
| 74                     | —  | UNITED ENERGY INC.                                 | Portland,<br>Oregon             | James Winters        | 1990            | 32    | Petroleum distributor, owner/<br>operator of convenience stores                | 29.000 |
| 75                     | 51 | INTELLISYS TECHNOLOGY CORP.                        | Fairfax,<br>Virginia            | Reginald English     | 1983            | 40    | Computer services                                                              | 28.969 |
| 76                     | 86 | ENGINEERED PLASTIC<br>PRODUCTS INC.                | Ypsilanti,<br>Michigan          | Gerald D. Edwards    | 1987            | 160   | Injection molding, component supplier<br>to auto industry                      | 28.700 |
| 77                     | 36 | ADVANTAGE ELECTRIC INC.                            | Toledo,<br>Ohio                 | Levi Cook Jr.        | 1980            | 250   | Electrical contracting                                                         | 28.148 |
| 78                     | 72 | RESTORATION SUPERMARKET<br>CORP.                   | Brooklyn,<br>New York           | Roderick B. Mitchell | 1977            | 183   | Supermarket and drug store<br>retail sales                                     | 27.856 |
| 79                     | 65 | TELECOMMUNICATION<br>SYSTEMS INC. (TCS)            | Annapolis,<br>Maryland          | Maurice B. Tosé      | 1987            | 225   | Information technology                                                         | 27.824 |
| 80                     | 79 | SYSTEMS ENGINEERING AND<br>MGMT. ASSOCIATES (SEMA) | Alexandria,<br>Virginia         | James C. Smith       | 1985            | 300   | Information technology systems inte-<br>gration/environmental support svcs.    | 27.238 |

\*In millions of dollars, to nearest thousand. As of Dec. 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

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yadda, yadda, yadda, deduct  
your vacation to Bora Bora  
yadda, yadda, yadda, yadda,  
expense your boat, yadda,  
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## B.E. INDUSTRIAL/SERVICE 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                     | LOCATION                      | CHIEF<br>EXECUTIVE                     | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                                   | SALES* |
|--------------|--------------|---------------------------------------------|-------------------------------|----------------------------------------|-----------------|-------|-----------------------------------------------------------------------|--------|
| 81           | 80           | WESTSIDE DISTRIBUTORS                       | South Gate,<br>California     | Edison R. Lara                         | 1974            | 80    | Beer and beverage distributor                                         | 27.069 |
| 82           | 77           | THE NAVCOM GROUP                            | Monassas,<br>Virginia         | Elijah Jackson                         | 1986            | 416   | Engineering, aviation, radar and<br>telecommunications                | 26.423 |
| 83           | 88           | LUNDY ENTERPRISES L.L.C./<br>PIZZA HUT      | New Orleans,<br>Louisiana     | Larry Lundy                            | 1992            | 1710  | Pizza Hut restaurants                                                 | 26.000 |
| 84           | 95           | DYNAMIC CONCEPTS INC.                       | Washington,<br>D.C.           | Pedro Alfonso                          | 1979            | 370   | Telecommunication and systems<br>integration                          | 25.326 |
| 85           | 91           | SPECIALIZED PACKAGING<br>INTERNATIONAL INC. | Hamden,<br>Connecticut        | Carlton L. Highsmith                   | 1983            | 8     | Package design, engineering and<br>marketing                          | 24.880 |
| 86           | —            | UNITED COMMUNICATIONS<br>SYSTEMS INC.       | McLean,<br>Virginia           | Charles Johnson                        | 1994            | 169   | Provides integration of information<br>systems                        | 24.000 |
| 87           | 90           | AMERICAN URBAN<br>RADIO NETWORK             | New York,<br>New York         | Sydney L. Small<br>Ronald R. Davenport | 1992            | 65    | Radio broadcasting                                                    | 23.800 |
| 88           | 93           | BLACK RIVER MFG. INC.                       | Port Huron,<br>Michigan       | Isaac Lang Jr.                         | 1977            | 146   | Auto parts manufacturer                                               | 23.500 |
| 89           | 97           | WILSON FINANCIAL GROUP INC.                 | Houston,<br>Texas             | Gerald E. Wilson                       | 1986            | 350   | Death care industry                                                   | 22.750 |
| 90           | —            | ADVANCED RESOURCE<br>TECHNOLOGIES INC.      | Alexandria,<br>Virginia       | Harace F. Jones                        | 1986            | 400   | Information technology services                                       | 22.200 |
| 91           | 87           | CONSOLIDATED BEVERAGE CORP.                 | New York,<br>New York         | Albert M. Thompson                     | 1978            | 14    | Beverage wholesaler                                                   | 21.300 |
| 92           | —            | JIL INFORMATION SYSTEMS INC.                | Vienna,<br>Virginia           | J. Calvin Glover                       | 1985            | 185   | Information technology services                                       | 20.900 |
| 93           | —            | ADAMS McCURE INC.                           | Denver,<br>Colorado           | Robert C. Adams                        | 1994            | 110   | Printing and fulfillment                                              | 20.100 |
| 94           | —            | C.D. MOODY CONSTRUCTION<br>CO. INC.         | Lithonia,<br>Georgia          | C. David Moody                         | 1988            | 70    | Construction design, building<br>and management                       | 20.000 |
| 95           | —            | PRWT SERVICES, INC.                         | Philadelphia,<br>Pennsylvania | Willie F. Johnson                      | 1988            | 600   | Payment and document processing                                       | 19.500 |
| 96           | —            | GLOBAL MANAGEMENT<br>SYSTEMS, INC.          | Bethesda,<br>Maryland         | Hilton H. Augustine Jr.                | 1988            | 165   | Computer information technology                                       | 19.126 |
| 97           | 92           | POWERS & SONS<br>CONSTRUCTION CO. INC.      | Gary,<br>Indiana              | Moman Powers Jr.                       | 1967            | 100   | General construction, demolition,<br>excavation, carpentry, masonry   | 18.654 |
| 98           | —            | GENERAL SCIENTIFIC CORP.                    | Arlington,<br>Virginia        | Henry G. Nash                          | 1987            | 275   | Systems engineering and design                                        | 18.600 |
| 99           | 98           | GB TECH INC.                                | Houston,<br>Texas             | Gale E. Burkett                        | 1986            | 315   | Space platforms, hardware, payload<br>integrations & network services | 18.100 |
| 100          | —            | FIDELITY GROUP                              | Great Neck,<br>New York       | Eugene Duncan                          | 1996            | 39    | Third-party administrator for<br>union health benefits                | 18.000 |

\*In millions of dollars, to nearest thousand. As of Dec. 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

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## B.E. AUTO DEALER 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                                | LOCATION                     | CHIEF<br>EXECUTIVE          | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS                                | SALES*  |
|--------------|--------------|--------------------------------------------------------|------------------------------|-----------------------------|-----------------|-------|----------------------------------------------------|---------|
| 1            | 1            | MEL FARR AUTOMOTIVE GROUP                              | Oak Park,<br>Michigan        | Mel Farr Sr.                | 1975            | 817   | Ford/Toyota/Volkswagen/<br>Hyundai/Suzuki/Mazda/GM | 573.100 |
| 2            | 6            | CHICAGO TRUCK CENTER INC.                              | Chicago,<br>Illinois         | Robert L. Hotcher           | 1993            | 95    | GM/Valva                                           | 223.000 |
| 3            | 4            | S & J ENTERPRISES                                      | Charlotte,<br>North Carolina | Sam Johnson                 | 1977            | 300   | Ford                                               | 157.877 |
| 4            | 8            | MARTIN AUTOMOTIVE GROUP                                | Bowling Green,<br>Kentucky   | Cornelius A. Martin         | 1985            | 285   | GM/Chrysler                                        | 137.785 |
| 5            | 3            | WARNER ROBINS OLDSMOBILE<br>CADILLAC PONTIAC GMC-TRUCK | Warner Robins,<br>Georgia    | Jesse A. Moore              | 1995            | 40    | GM                                                 | 136.774 |
| 6            | 17           | SOUTHGATE AUTOMOTIVE GROUP                             | Southgate,<br>Michigan       | Fred J. Pae                 | 1993            | 170   | GM/Isuzu                                           | 125.000 |
| 7            | 5            | HUBBARD INVESTMENTS LLC.                               | Charlotte,<br>North Carolina | Reginald T. Hubbard         | 1986            | 193   | GM/Chrysler /Isuzu/Xia                             | 121.088 |
| 8            | 9            | AVIS FORD                                              | Southfield,<br>Michigan      | Walter E. Douglas Sr.       | 1992            | 127   | Ford                                               | 112.674 |
| 9            | 13           | ARMSTRONG ENTERPRISES                                  | Pampuna Beach,<br>Florida    | William Armstrong           | 1990            | 220   | Ford/Toyota/GM                                     | 111.000 |
| 10           | 11           | 32 FORD LINCOLN-MERCURY                                | Batavia,<br>Ohio             | Clorence F. Warren          | 1990            | 135   | Ford/Toyota/GM                                     | 109.588 |
| 11           | 49           | RAY WILKINSON BUICK CADILLAC INC.                      | Racine,<br>Wisconsin         | Raymond M.<br>Wilkinson Jr. | 1984            | 35    | GM                                                 | 107.804 |
| 12           | 12           | BRANDON DODGE INC.                                     | Tampa,<br>Florida            | Sanford L. Woods            | 1989            | 121   | Chrysler/Toyota                                    | 98.435  |
| 13           | —            | SIMI VALLEY PONTIAC GMC BUICK INC.                     | Simi Valley,<br>California   | Frank E. Marley Jr.         | 1996            | 37    | GM                                                 | 95.009  |
| 14           | 14           | 8 & G ASSOCIATES                                       | W. Des Moines,<br>Iowa       | Franklin D. Greene          | 1984            | 170   | Ford                                               | 91.060  |
| 15           | 29           | BOARD FORD INC.                                        | Whittier,<br>California      | Raymond Dixan               | 1995            | 150   | Ford/Toyota                                        | 89.837  |
| 16           | 27           | HERITAGE AUTOMOTIVE GROUP                              | Morrow,<br>Georgia           | Ernest M. Hodge             | 1994            | 159   | GM/Isuzu/Volkswagen                                | 79.863  |
| 17           | 20           | PRESTIGE AUTOMOTIVE GROUP                              | Mount Morris,<br>Michigan    | Gregory Jackson             | 1993            | 131   | GM                                                 | 73.870  |
| 18           | 24           | TROPICAL FORD INC.                                     | Orlando,<br>Florida          | Hamilton W. Massey          | 1985            | 120   | Ford                                               | 73.200  |
| 19           | 33           | BOB JOHNSON AUTO GROUP                                 | Rochester,<br>New York       | Robert Johnson              | 1992            | 135   | GM/Ford                                            | 71.754  |
| 20           | 15           | UNIVERSITY AUTOMOTIVE GROUP                            | Athens,<br>Georgia           | Ranold L. Hill              | 1991            | 128   | Ford/Mazda/GM/Chrysler                             | 70.198  |

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## B.E. AUTO DEALER 100

| THIS YEAR | LAST YEAR | COMPANY                                       | LOCATION                 | CHIEF EXECUTIVE       | YEAR STARTED | STAFF | TYPE OF BUSINESS    | SALES* |
|-----------|-----------|-----------------------------------------------|--------------------------|-----------------------|--------------|-------|---------------------|--------|
| 21        | 16        | VILLAGE FORD OF LEWISVILLE                    | Lewisville, Texas        | Charles E. Bonkston   | 1992         | 114   | Ford                | 68.293 |
| 22        | 18        | BARANCO AUTOMOTIVE GROUP                      | Lilburn, Georgia         | Gregory Baranco       | 1975         | 155   | GM/Ford/Acura       | 67.743 |
| 23        | —         | BOB ROSS BUICK INC.                           | Centerville, Ohio        | Normo J. Ross         | 1974         | 126   | GM/Mercedes-Benz    | 66.785 |
| 24        | 86        | DAVIS AUTOMOTIVE INC.                         | Dallas, Texas            | Richard O. Davis      | 1993         | 180   | GM/Honda/Hyundai    | 64.293 |
| 25        | 19        | SPALDING AUTOMOTIVE GROUP                     | Griffin, Georgia         | Alon Reeves           | 1989         | 140   | Ford/Mazda/Chrysler | 63.181 |
| 26        | 32        | MITCHELL AUTO GROUP                           | Lynchburg, Virginia      | James H. Mitchell     | 1981         | 100   | Ford/Hyundai        | 62.300 |
| 27        | 28        | LEGACY FORD MERCURY INC.                      | McDonough, Georgia       | Emanuel D. Jones      | 1992         | 115   | Ford                | 62.000 |
| 28        | 25        | MIKE PRUITT'S LIMA FORD                       | Lima, Ohio               | Mike Pruitt           | 1990         | 95    | Ford                | 60.704 |
| 29        | 53        | WOOD RIVER FORD INC.                          | Wood River, Illinois     | Willie J. Forte       | 1990         | 48    | Ford                | 56.761 |
| 30        | 21        | MIDFIELD DODGE INC.                           | Midfield, Alabama        | Jordan Frozier        | 1989         | 50    | Chrysler            | 55.511 |
| 31        | 26        | THE MATTHEWS AUTOMOTIVE GROUP                 | Mount Dora, Florida      | Irving J. Matthews    | 1991         | 91    | Ford                | 54.278 |
| 32        | —         | KIRKLAND CHRYSLER<br>PLYMOUTH JEEP-EAGLE INC. | Kirkland, Washington     | W. E. McIntosh Jr.    | 1995         | 75    | Chrysler            | 53.000 |
| 33        | 45        | BRADLEY AUTOMOTIVE GROUP                      | Ann Arbor, Michigan      | James H. Bradley Jr.  | 1983         | 100   | GM                  | 52.833 |
| 34        | 36        | MISSION BOULEVARD LINCOLN-MERCURY             | Hayward, California      | Bryan K. White        | 1993         | 108   | Ford                | 51.187 |
| 35        | 43        | PUGET SOUND CHRYSLER—<br>PLYMOUTH DODGE       | Renton, Washington       | B. Edward Fitzpatrick | 1986         | 80    | Chrysler/Lexus      | 50.000 |
| 36        | 39        | ALAN YOUNG BUICK GMC-TRUCK INC.               | Fort Worth, Texas        | Alon J. Young         | 1983         | 85    | Ford                | 49.049 |
| 37        | 42        | CHINO HILLS FORD                              | Chino, California        | Timothy L. Woods      | 1982         | 72    | Ford                | 48.779 |
| 38        | —         | VICKSBURG CHRYSLER—<br>PLYMOUTH DODGE INC.    | Vicksburg, Michigan      | Monti M. Long         | 1990         | 85    | Chrysler/Ford       | 47.880 |
| 39        | —         | TYSON AUTO GROUP                              | Highland, Indiana        | Nathaniel Z. Coin     | 1989         | 102   | Ford                | 46.545 |
| 40        | 64        | R. H. PETERS CHEVROLET INC.                   | Hurricane, West Virginia | R. H. Peters          | 1982         | 90    | GM/Ford             | 46.442 |
| 41        | 57        | TAYLOR COMPANIES                              | Arlington, Washington    | Henry F. Taylor       | 1983         | 110   | GM/Ford             | 46.152 |

\*In millions of dollars, to nearest thousand. As of December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

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## B.E. AUTO DEALER 100

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|-----------|-----------|-----------------------------------------|----------------------------|------------------------|--------------|-------|---------------------|--------|
| 42        | 46        | MONCRIEF PONTIAC BUICK GMC              | Sherwood, Arkansas         | Sydney Moncrief        | 1987         | 75    | GM                  | 44.000 |
| 43        | 23        | WILSON AUTO MALL                        | Jackson, Tennessee         | Sidney Wilson Jr.      | 1990         | 106   | GM/Chrysler/Hyundai | 43.225 |
| 44        | 41        | DEERBROOK FOREST CHRYSLER PLYMOUTH INC. | Kingwood, Texas            | E. Dale Early          | 1994         | 60    | Chrysler            | 42.602 |
| 45        | 58        | BROOKDALE DODGE INC.                    | Brooklyn Center, Minnesota | Perry Watson III       | 1993         | 80    | Chrysler            | 42.475 |
| 46        | 31        | CARDINAL DODGE INC.                     | Louisville, Kentucky       | Winston R. Pittman Sr. | 1988         | 132   | Chrysler/Toyota     | 41.323 |
| 47        | 72        | CHAMPION FORDLAND AUTOMOTIVE GROUP      | Scranton, Pennsylvania     | Steven R. Ewing        | 1995         | 75    | Ford                | 40.400 |
| 48        | 34        | CONYERS RIVERSIDE FORD SALES INC.       | Detroit, Michigan          | Nathan G. Conyers      | 1970         | 90    | Ford                | 40.200 |
| 49        | —         | REID AUTOMOTIVE GROUP                   | Gaffney, South Carolina    | Duane L. Reid          | 1995         | 71    | Ford                | 39.810 |
| 50        | —         | EVERETT CHEVROLET                       | Everett, Washington        | Jahn B. Reggans III    | 1996         | 74    | GM                  | 38.013 |
| 51        | 52        | TEAM FORD                               | Sioux City, Iowa           | Arthur P. Silva        | 1986         | 100   | Ford                | 38.000 |
| 52        | 47        | DEARBORN PONTIAC NISSAN INC.            | Dearborn, Michigan         | Bill Perkins           | 1993         | 55    | GM/Nissan           | 37.458 |
| 53        | 54        | EMPIRE FORD INC.                        | Spokane, Washington        | Nathaniel D. Greene    | 1986         | 70    | Ford                | 37.418 |
| 54        | —         | RODGERS CHEVROLET                       | Woodhaven, Michigan        | Pamela Rodgers         | 1993         | 50    | GM                  | 37.194 |
| 55        | 87        | BOYLAND AUTO GROUP                      | Gresham, Oregon            | Darian Boyland         | 1987         | 86    | Chrysler/Toyota     | 36.586 |
| 56        | 55        | KEMPER DODGE                            | Cincinnati, Ohio           | Paul C. Keels          | 1986         | 54    | Chrysler            | 36.115 |
| 57        | —         | KNOX FORD INC.                          | Muldrough, Kentucky        | Henry M. Shaw          | 1985         | 51    | Ford                | 35.785 |
| 58        | 50        | TONY MARCH BUICK GMC SATURN             | Hartford, Connecticut      | Anthony March          | 1985         | 75    | GM                  | 35.000 |
| 59        | 60        | CAMPUS FORD INC.                        | Okemos, Michigan           | Wendell R. Barran      | 1986         | 69    | Ford                | 33.000 |
| 60        | 37        | SHAMROCK FORD LINCOLN-MERCURY INC.      | Clinton, Michigan          | Jeffery Shomberger     | 1988         | 42    | Ford                | 32.413 |
| 61        | 62        | PALANKER CHEVROLET INC.                 | West Babylon, New York     | William H. Adkins      | 1994         | 35    | GM                  | 32.400 |

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ARCHITECTS OF THE  
NEXT MILLENNIUM

## B.E. AUTO DEALER 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                      | LOCATION                     | CHIEF<br>EXECUTIVE       | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS        | SALES* |
|--------------|--------------|----------------------------------------------|------------------------------|--------------------------|-----------------|-------|----------------------------|--------|
| 62           | 40           | GULF FREEWAY PONTIAC GMC                     | Houston,<br>Texas            | Carl L. Barnett Sr.      | 1991            | 84    | GM                         | 32,004 |
| 63           | 61           | PLAZA FORD LINCOLN-MERCURY                   | Lexington,<br>North Carolina | Archie Kindle            | 1987            | 62    | Ford                       | 31,789 |
| 64           | 67           | POUGHKEEPSIE FORD INC.                       | Poughkeepsie,<br>New York    | Richard T. Coleman       | 1982            | 60    | Ford                       | 31,679 |
| 65           | 56           | BARRON CHEVROLET INC.                        | Danvers,<br>Massachusetts    | Reginald I. Barron       | 1984            | 65    | GM                         | 30,113 |
| 66           | 72           | SIM FRYSON MOTOR CO. INC.                    | Ashland,<br>Kentucky         | Sim E. Fryson            | 1995            | 61    | Mercedes-Benz/Honda/Nissan | 30,000 |
| 67           | 63           | OLD ORCHARD CHEVROLET MAZDA INC.             | Skokie,<br>Illinois          | Joseph C. Daniels        | 1994            | 56    | GM/Mazda                   | 29,838 |
| 68           | 66           | NOBLE FORD MERCURY INC.                      | Indianola,<br>Iowa           | Dimaggio Nichols         | 1985            | 70    | Ford                       | 29,637 |
| 69           | —            | WESTMINSTER PONTIAC GMC BUICK INC.           | Westminster,<br>California   | Robert R. Menzies        | 1997            | 71    | GM                         | 29,190 |
| 70           | 75           | ADVANTAGE FORD LINCOLN-MERCURY INC.          | Carmersville,<br>Indiana     | Princeton Grace          | 1990            | 34    | Ford                       | 29,000 |
| 71           | 70           | ROBERT BROGDEN OLATHE PONTIAC GMC BUICK INC. | Olathe,<br>Kansas            | Robert Brogden Jr.       | 1995            | 48    | GM                         | 28,406 |
| 72           | 80           | HUB CITY FORD MERCURY INC.                   | Crestview,<br>Florida        | Leon Daggs Jr.           | 1986            | 48    | Ford                       | 28,000 |
| 73           | 78           | SHAMROCK LINCOLN-MERCURY NISSAN SAAB         | Mishawaka,<br>Indiana        | Theodore Williams Jr.    | 1988            | 44    | Ford/Nissan/Saab           | 27,500 |
| 74           | 84           | DENTON MOTORS INC.                           | Denton,<br>Texas             | Edward H. Smith          | 1992            | 52    | Chrysler/Isuzu             | 27,100 |
| 75           | 71           | ALL AMERICAN FORD INC.                       | Saginaw,<br>Michigan         | Lovel Perry              | 1988            | 61    | Ford                       | 27,000 |
| 76           | —            | VALLEY STREAM CHEVROLET                      | Valley Stream,<br>New York   | Burnell Guyton           | 1996            | 37    | GM                         | 26,443 |
| 77           | 68           | VISION FORD LINCOLN-MERCURY INC.             | Alamogordo,<br>New Mexico    | Wayne Martin             | 1989            | 70    | Ford                       | 26,251 |
| 78           | 83           | FAIRWAY CADILLAC                             | Jenkintown,<br>Pennsylvania  | Edwin D. Biagas Sr.      | 1993            | 40    | GM                         | 25,900 |
| 79           | 80           | HUNTSVILLE DODGE INC.                        | Huntsville,<br>Alabama       | Ellenore Henry-Fairhurst | 1991            | 43    | Chrysler                   | 25,309 |
| 80           | 85           | UNIVERSITY FORD                              | Peoria,<br>Illinois          | James L. Oliver          | 1985            | 80    | Ford                       | 25,228 |
| 81           | 75           | BRANKER BUICK NISSAN HYUNDAI INC.            | Lincoln,<br>Nebraska         | Julian Michael Branker   | 1990            | 59    | GM/Hyundai/Nissan          | 25,000 |

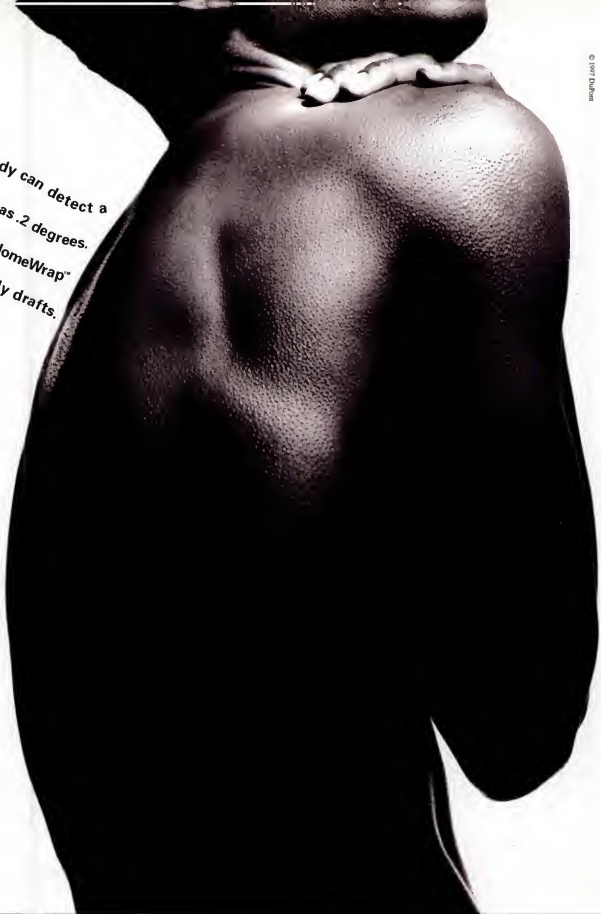
\*In millions of dollars, to nearest thousand. As of December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, LLP.

## B.E. AUTO DEALER 100

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                        | LOCATION                      | CHIEF<br>EXECUTIVE     | YEAR<br>STARTED | STAFF | TYPE OF<br>BUSINESS | SALES* |
|--------------|--------------|------------------------------------------------|-------------------------------|------------------------|-----------------|-------|---------------------|--------|
| 81           | 69           | DURAND CHEVROLET PONTIAC<br>OLDSMOBILE         | Durand,<br>Michigan           | Michael Johnson        | 1991            | 50    | GM                  | 25.000 |
| 83           | 80           | BUICK OF COUNTRYSIDE                           | Countryside,<br>Illinois      | Charles H. Harrell Sr. | 1996            | 50    | GM/Mazda            | 24.000 |
| 84           | —            | THOMAS A. MOOREHEAD BUICK INC.                 | Decatur,<br>Illinois          | Thomas A. Moorehead    | 1988            | 40    | GM                  | 23.592 |
| 85           | —            | QUALITY DODGE                                  | Union City,<br>Georgia        | Michael L. Brown       | 1993            | 37    | Chrysler            | 23.000 |
| 86           | 89           | LAUREL FORD LINCOLN-<br>MERCURY KIA INC.       | Laurel,<br>Mississippi        | Jimmy Walker           | 1992            | 65    | Ford/Kia            | 22.856 |
| 87           | —            | FAIRWAY FORD OF AUGUSTA                        | Evans,<br>Georgia             | David Karangu          | 1997            | 50    | Ford                | 21.805 |
| 88           | —            | RIVER VIEW FORD INC.                           | Oswego,<br>Illinois           | W. Ray Fregia Sr.      | 1991            | 55    | Ford                | 21.700 |
| 89           | —            | FREEHOLD CHEVROLET INC.                        | Freehold,<br>New Jersey       | Harold Williams        | 1994            | 30    | GM                  | 21.175 |
| 90           | 92           | BAY CITY CHRYSLER-PLYMOUTH INC.                | Green Bay,<br>Wisconsin       | Larry L. Havell Sr.    | 1987            | 46    | Chrysler            | 20.365 |
| 91           | 100          | CLASSIC PONTIAC BUICK GMC INC.                 | Hicksville,<br>New York       | Chandler B. Lee        | 1991            | 30    | GM                  | 20.312 |
| 92           | —            | GREATER SPRINGFIELD LINCOLN-<br>MERCURY INC.   | Springfield,<br>Massachusetts | Harvey Clay            | 1994            | 38    | Ford                | 19.635 |
| 93           | —            | SOUTHLAND CHRYSLER-PLYMOUTH<br>JEEP-EAGLE INC. | Southaven,<br>Mississippi     | Jahn W. Ray            | 1987            | 47    | Chrysler            | 19.514 |
| 94           | —            | WOODBIDGE PONTIAC BUICK GMC INC.               | Woodbridge,<br>Virginia       | Travis Snow            | 1995            | 43    | GM                  | 19.427 |
| 95           | 96           | NEW CASTLE FORD LINCOLN-<br>MERCURY INC.       | New Castle,<br>Indiana        | William B. Walker      | 1990            | 31    | Ford                | 19.294 |
| 96           | —            | BARNETT PONTIAC BUICK GMC INC.                 | Fredericksburg,<br>Virginia   | Carl L. Barnett Jr.    | 1996            | 50    | GM/Isuzu            | 19.201 |
| 97           | —            | CAMPUS FORD OF MORGANTOWN INC.                 | Morgantown,<br>West Virginia  | Gilbert S. Johnson     | 1996            | 40    | Ford                | 18.622 |
| 98           | 97           | GREENVILLE FORD LINCOLN-<br>MERCURY INC.       | Greenville,<br>Texas          | Vernon R. Williams     | 1987            | 39    | Ford                | 18.507 |
| 99           | 88           | FOREST LAKE FORD                               | Forest Lake,<br>Minnesota     | Leroy P. Kemp Jr.      | 1991            | 40    | Ford                | 18.051 |
| 100          | —            | MIDDLETOWN FORD INC.                           | Middletown,<br>Ohio           | Roosevelt Robinson III | 1990            | 46    | Ford                | 17.096 |

\*In millions of dollars, to nearest thousand. As of December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, LLP.

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B.E. AUTO DEALER OF THE YEAR

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B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

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B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

# MOTOR CITY'S

After a legendary career in the NBA, The Bing Group CEO David Bing has carved an impressive niche into the auto industry

## IT'S 1:15 IN THE AFTERNOON.

Riding in the back of a Detroit taxi presumably on its way to Bing Manufacturing, you are late and more than a little annoyed. You had a 1 p.m. meeting to interview company CEO David Bing. The only problem is your taxi driver has been circling aimlessly for the last 20 minutes. Ever get that sinking feeling you're hopelessly lost?

"You're sure about that address, right?" a voice queries from the front. "That sounds like it could be in Highland Park." A grunt from the back seat, "The address is right."

Precious minutes tick by. Just as you're

about to hop out of the cab and hunt for the destination on foot, salvation appears in the form of a large red and white banner several feet away. "Wait, right there. See the Bing sign. Stop the cab!"

Slowing down as he eyes the sign, the taxi driver comes to a stop. Then he turns back to give you a good long look. "You mean you're going to see Dave Bing? You should have said that in the first place. He's pretty well known in this town. Used to play basketball. Hear he knows a thing or two about business now."

Yes, as a matter of fact, he does. In the two decades since Bing retired from the National Basketball Association, he has masterfully played against the stereotype of superjock who tries and fails when attempting to cross over to the business arena. Just the opposite—Bing has become such a well-known and respected force in Detroit over the last three decades that there was a serious push to get the man to run for mayor several years ago—spearheaded by none other than the outgoing mayor, Coleman Young.

Over the course of 30 years, the 54-year-old Bing has become as much a part of Motown's landscape as the city's monumental Renaissance Center. A member of the board of directors of the Detroit Renaissance Committee, Economic Club of Detroit and Michigan Minority Development Council, Bing has not only witnessed Detroit's gradual rise from the ashes, but also been an integral part of its rebirth.

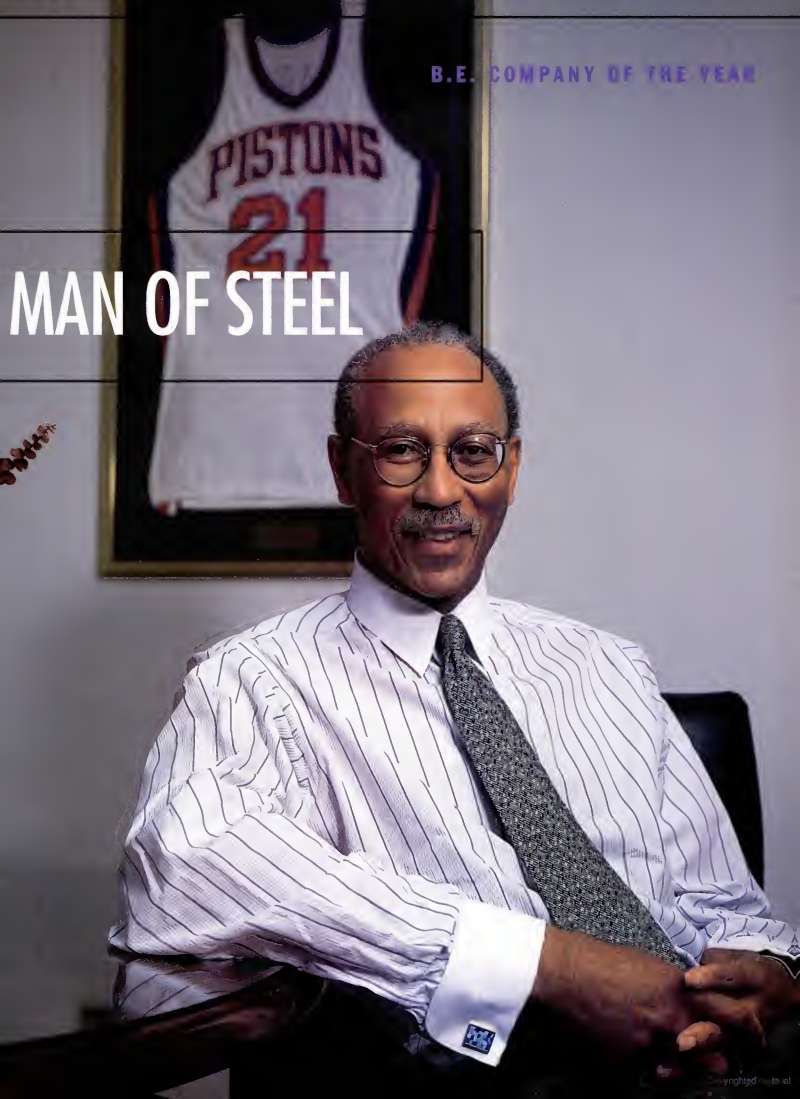
But most important, Bing has led by exam-

By Eric L. Smith

PHOTOS BY JAY ASOLINE

B.E. COMPANY OF THE YEAR

# MAN OF STEEL



ple. The Bing Group, which now encompasses five companies—Bing Steel, Superb Manufacturing, Bing Manufacturing, Detroit Automotive Interiors and Trim Tech L.L.C.—has been a primary supplier of products and services to the “Big Three” automakers—GM, Ford and Chrysler—for decades. With over 700 employees, 87% of which are minorities, The Bing Group is one of the largest employers on the **BE INDUSTRIAL/SERVICE 100**. Over the last five years, Bing has more than doubled revenues from \$78 million in 1992 to \$183

during the dark days. Following the riots of 1967, when crime was at an all-time high and businesses were leaving the city in droves, Detroit was synonymous with urban blight and despair. But that’s where David Bing chose to plant roots and call home.

Bing married when he was only 19. He arrived in Detroit in 1966 already a husband with two young daughters after being drafted by the Detroit Pistons. For a short while, that first year was like a fantasy come true. Having grown up on the Motown sound of Diana Ross and the Supremes and Smokey

wouldn’t surprise you that he’d want to be part of that rebuilding process. He’d been groomed for entrepreneurship almost from the start. Bing’s father worked as an independent contractor, then started his own construction company in Washington, D.C., in the late ‘50s and ‘60s. “And as a young man growing up and going out on jobs with him, I liked the idea of being the boss and running your own company.” So Bing says his plans were pretty much set by the time he headed to Syracuse University, where he majored in business and minored in economics before graduating in 1966.

But a funny thing happened on Bing’s road to entrepreneurial wealth. He had a not-so-minor detour into the NBA, where he developed into one of the finest players the game has ever seen. Meeting with the lanky, soft-spoken Bing for more than a few minutes, you wouldn’t get the sense this spectacled, wispy-haired man regularly slam-dunked on Kareem Abdul-Jabbar and many other NBA legends in route to scoring over 18,000 points and averaging 20.3 points a season in a 12-year career. Indeed, in 1990 Bing was elected to the Basketball Hall of Fame, and just last year was honored at the NBA All-Star Game in Cleveland as one of the 50 greatest players in NBA history.

Bing says his basketball memories are fond ones, but admits his timing was probably a bit off. “Back then we weren’t making the kind of money that you make today in the NBA,” Bing chuckles. “So you had to work during the off-season.” In fact his first contract with the Pistons was worth a mere \$15,000 a year. His largest contract, \$225,000, came near the end of his career in 1977 with the Washington Bullets.

But perhaps this all worked out for the best. Bing’s need for employment during the off-season led him to spend seven years as a banker for the National Bank of Detroit. Starting in 1966, Bing worked off-seasons as a management trainee, bank teller and eventually branch manager. But while the background in banking and finance proved useful down the road, Bing soon realized it wasn’t the life he wanted to lead after basketball. So he jumped ship one summer and began a two-year stint with the Chrysler dealer training program, thinking for a time he might want to own a car dealership when he left the NBA. But he still had doubts. “By



**Bing's plants make everything from the hard steel used to craft the body of a car to the foam used in headrests**

million in 1997. And in a city in need of leadership, Bing has been lauded as businessman, civic leader and philanthropist. For these reasons, The Bing Group has been selected as the 1998 **BLACK ENTERPRISE Company of the Year**.

### MOTOWN'S MAN OF STEEL

Much has been made of the “Detroit Renaissance” over the last several years. With an up-and-coming downtown business district and burgeoning opportunities for entrepreneurs and small businesses, it appears good times are indeed returning to Motown. But it would be difficult for any outsider to truly appreciate just how far Detroit has come unless you were there

Robinson, Bing says, “One day you’re listening to all these people on the radio and all of a sudden to come here and meet and become friends with a lot of them, those were fun times.”

The good times didn’t last for long. During Bing’s first summer in Detroit, “We had the riots. I was 23 years old just coming here, and half the city burned,” says Bing, who even now says he wasn’t very surprised by what happened. “There were a lot of people angry for a lot of legitimate reasons. That doesn’t justify what happened here, but it happened. And this city has been in a rebuilding mode ever since.”

If you knew Bing’s background, it



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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. COMPANY OF THE YEAR

this time I knew my NBA career was coming to an end, but I wasn't sure what I wanted to do as a second career."

One of the early offers Bing got was to come on board with a local steel company as a public relations spokesman. But he declined. "I knew as a soon-to-be former athlete, your star doesn't shine for long when you're no longer playing," says Bing. "I didn't want to go out and just use my name and shake hands. I wanted to learn the nuts and bolts of business."

Instead, Bing entered a two-year training program with a local steel company, Paragon, after retiring from the NBA in 1978. He worked in practically every segment of the company during that span including warehousing, shipping, accounting, international sales, marketing and purchasing. When the program ended in 1980, Bing took his newfound knowledge and some \$150,000 of his savings from the NBA and created Bing Steel.

Originally a four person start-up, Bing Steel is now a full-service steel company. It acts as the middle man between mills and user firms, where it cuts, shapes and bends raw steel to different specifications depending on the needs of each buyer. Bing Steel had sales of \$1.7 million in its first year. In the subsequent 18 years, Bing Steel has grown to a 65-person outfit with 1997 revenues of \$76 million.

It's a thriving business today. But those first few years were arduous. As a retired black athlete, Bing says he battled dual prejudices. "As a black with the stigma of being an ex-jock, the toughest thing for me was getting people to realize I had the intellect to get things done and that I was serious about making the leap from athletics to business," he says. Bing's potential customers and banks that he looked to for financing were both skeptical. "Too many athletes had come before me and taken an easy route by using their names to get in a door with no real risk," says Bing. "So it was, 'Who is this black guy

trying to get into this traditional business?'" He would set up meetings with potential customers and be kept waiting for hours. That's when the meetings weren't simply canceled at the last minute. "I wasn't taken seriously in the beginning. In a lot of cases, it was a test," says Bing. "But I passed it."

Bing's banking background proved helpful in getting over this hump. Because of the seven years he spent in the Detroit banking arena, many people he trained with had moved into managerial positions in banks he was now seeking financing from. "These were people who knew me and knew what

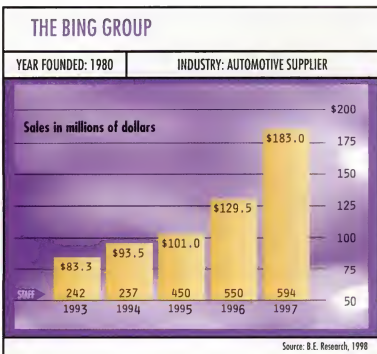
cy of supplying material on a timely basis and always being first class made people realize he was serious about this business and in for the long term."

White has left the employ of Bing twice, both times to pursue the long-sought goal of coaching a college basketball team. But he has always returned home—to Bing Steel. "It's the city and the relationship with Dave that brings me back. Dave has more vision than anyone I've ever met. He's always looking five years ahead. Always planning for the next challenge."

Planning ahead, Bing started his second company, Superb Manufacturing, in 1985. He says the steel service center business didn't add a lot of value to the product and initially couldn't make much money. By contrast, Superb handles actual auto manufacturing, where employees take a raw product and produce pressed steel used in functional car parts. "I needed to move up the food chain so I could get a greater return on my investment," says Bing. And he did. First-year sales for this four-employee metal stamping company were \$2.4 million; in 1997, Superb had \$41 million in sales and 340 workers.

But that growth didn't come without hurdling some significant obstacles. In the late '80s, Bing waded through a recession that hit the auto industry and Detroit particularly hard. "During this period, the American car industry was going through pure hell," says Bing. One of his main customers at the time, GM, was forced to retrench, leaving manufacturers like Bing to fend for themselves. It was then that Bing says his company came very close to filing for chapter 11. "When this economy goes into a downturn, it's unbelievable how quickly you can lose large sums of money," Bing says his company regularly lost as much as \$150,000 monthly during the recession and much of the profits it had taken several years to accumulate. "I was insolvent," Bing says.

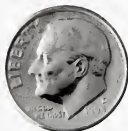
It was then that Bing started to fully develop a relationship with Ford Motor Co.



I was about," he adds. "So when I went to these people to access some loans, they knew what to expect of me. And having been trained in finance, I knew what they wanted from me."

One person who has witnessed the company grow from the very beginning is Benny White, currently safety coordinator for The Bing Group. Bing took White under his wing when White was 14 and Bing was 23. They met at a basketball camp. He became one of the first salesmen at Bing Steel, and they've been together ever since. Now 43, White says the hurdles were high in those early days.

"Everywhere we went we ran into people that thought Dave was trying to get rich overnight," White says. "But his consistent-



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He had been doing some small work for Ford at the time, but realized if his company was to survive, he'd have to grow those commitments significantly to salvage his bottom line. The relationship has proved worthwhile for both parties. Today, Ford is still Bing's largest customer.

Looking for further synergy and higher profit margins, Bing started his third company, Bing Manufacturing, in 1994. This assembly and sequencing company uses an Advanced Module Assembly process to apply color and detailing to bumpers. The interior and exterior sequencing aids in the application of cloth or leather to seat covers.

Not surprisingly, just as Bing was truly coming into his own as an automotive manufacturing force in Detroit, he suddenly found partners who were more than willing to hitch themselves to his wagon. Bing's fourth company, Detroit Automotive Interiors, was formed out of a joint venture in 1996 with the Lear Corp., a \$7 billion worldwide firm that is also one of the three leading seat manufacturers in the world.

Lear CEO Kenneth Way says he sought out Bing when his company wanted to increase its work with minority suppliers. Way was already familiar with Bing because they both serve on the Detroit Renaissance board. "I've had a good relationship with Dave over several years. He's always been an individual of very high integrity and character." Way says a mere four months after the paperwork for the joint venture was signed, Bing had a plant up and running to accommodate the new operation. "You can trust him and trust that he has the business experience and track record to make an operation work," says Way.

Also in 1996 another joint venture forged with Woodbridge Ventures, a foam manufacturing company, allowed Bing to create his fifth company, Trim Tech, which makes foam that goes into auto armrests and headrests. The construction of a new 40,000-sq.-ft. facility was just recently completed.

Today, Bing has contractual relationships with the Big Three, which totaled over \$111 million in 1997. Ford (\$67.2 million), GM (\$32.8 million) and Chrysler (\$11.4 million) have all bought into Bing's vision. But he's not content to rest on his laurels. Bing has sales projections charted through the year 2000 that would push his company over the \$330 million mark.

"Dave is the pioneer minority company in this industry," says Gerald Dodd, BE 100s CEO and president of the Detroit-based Thomas Madison Inc. "I've been in this business since 1978, and you don't see that many African American faces."

Detroit auto dealer Mel Farr has known Bing since 1967, "Dave's a competitor and he knows what he wants out of life," Farr says. "Bringing Detroit back to the forefront has taken the efforts of a lot of individuals, but Dave gives the city instant

place. The only company Bing oversees on a daily basis is Superb Manufacturing. "And I'm about ready to take myself out of that company so I can truly act as a chairman, and not COO."

Bing's eldest daughter, Cassandra, has been a vice president of Bing Steel since November 1997, and a company employee for 12 years. As a vice president in charge of materials, Cassandra is responsible for customer service, material control, the administrative portion of purchasing, ship-



**Bing's easygoing demeanor promotes an atmosphere where employees take pride in their work**

credibility because of his stature in the community. He's more than a role model. He's a pioneer and an example for all businessmen, black or white. This man spent years learning the steel business. He understood if it took talent, skill and effort to be a great basketball player, it takes the same to be a good businessman."

### A LONG ROAD TRAVELED

Four of the five companies under the Bing umbrella sit on a 30-acre lot on Woodland Avenue, centrally located in one of the city's Empowerment Zones about 10 minutes from downtown Detroit. The other concern, Bing Steel, is just a few minutes away from the core complex. Each company has its own individual management team in

*"I didn't want to go out and just use my name and shake hands. I wanted to learn the nuts and bolts of business."*

*— Dave Bing*

ping and receiving and "anything else that comes up on an as-needed basis," she says with a laugh. Looking back, Cassandra says it's ironic that she's now charged with overseeing the growth and development of Bing Steel. "I was just graduating from high school when my father opened Bing Steel. I wanted to go away to Georgetown University, but there was a money crunch," she says. "He

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decided to get into the automotive industry, so choices had to be made. And as an 18-year-old it was hard for me to understand why I couldn't go away to school."

She may have ended up going to Michigan State, but who says you can't go home again? Cassandra says working at Bing Steel seemed like a natural fit after graduation. She worked her way through the accounting department before landing in quality control. Cassandra was named quality manager and then material control manager before being named an executive vice president.

"My father is tough, but he's fair," says Cassandra. "He really doesn't show favoritism to any of his children."

If anything, he's harder on us than anyone else because he expects more of us," she says. "It's made each of us better at what we do and stronger."

Ask Bing if the company will eventually be passed down to one of his children, and at first he is noncommittal. "Maybe. They have to earn it," he says. "My oldest daughter has earned the right to be vice president, and I think she is capable of running things here. It's up to her whether she wants it."

Bing says the agreement was vital if minority manufacturing businesses were going to remain competitive. The agreement will allow minority firms selling stock to the public to retain their SBA classification as long as minorities own a controlling interest, run the day-to-day operations and hire at least one-quarter of their workers from disadvantaged communities.

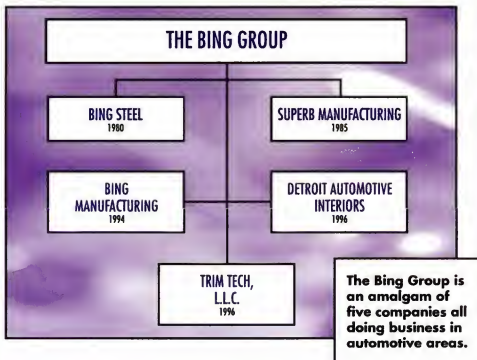
This opens the door for firms like his to consider selling stock as a way to expand their businesses. "That's something I was pushing for years ago," he says. "We started telling the Big Three that we needed to change the rules where minority companies could retain their designation but go to the public marketplace to get recapitalized."

Why is this so important? Bing says when he's ready to build another plant that could easily run him \$7-\$8 million, he has to borrow most of that money. "If you're a publicly held company, you just go out, have a stock subscription and raise the money to do what you need to do without killing your balance sheet," he says.

But while the door is now open for Bing to do just that, he is still hesitant to go public himself. He realizes that as a lone entrepreneur he has no board of directors looking over his shoulder and no concerns about stockholder earnings. "Right now I answer to no one. I make a decision, study it and I get it done." But he's thinking about it. Bing realizes that if his firm is to become the billion-dollar global company he envisions, it would be nearly impossible without going the equity route.

Among his options is to take one of the five companies public and hold tight to the rest. Or he could form a holding company for all of his concerns and take it public. But for the time being, he says, acquisitions and joint ventures will remain his primary growth strategies. "It gives me growth and flexibility. But I maintain control."

Not only shaping his own destiny, but also helping to enrich the lives of those around him has long been a critical component of Bing's life. His goal is to be remembered as more than just a great basketball player. Many would say he's succeeded. "I thought the biggest thing that I could do was grow a company and leave a legacy," says Bing. "I've got a lot of people that have bought into my vision. And now my vision is becoming a reality." □



"Overall it's been a very positive experience for me. But the toughest thing when you're in a family business is that you have to constantly prove yourself," she says. "There will always be some that believe you're where you are just because of your blood. And if you're not trying to prove it internally, then you're proving it to your customers."

Bing's middle daughter, Bridgette, had been employed by the company for seven years and was most recently human resources manager before going on a sabbatical. His youngest, Aleisha, is currently in a training program spending much of her time in purchasing and human resources.

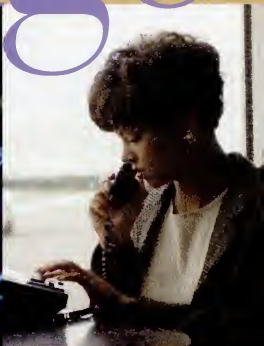
She'll have an opportunity. But only because she's earned the right," he says. "Blood line does not give you the right."

#### EYING NEW HORIZONS

The Small Business Administration and White House announcement earlier this year of a pact with the Big Three automakers was followed closely by Bing (see "In the Driver's Seat," Newspoints, this issue). While GM, Ford and Chrysler already spend an estimated \$130 billion annually in purchases from minority firms, the agreement will boost by another \$3 billion the subcontracting awards over the next three years.

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NINETEEN 98

BLACK ENTERPRISE 100s

THE NATION'S LARGEST  
BLACK BUSINESSES

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BEYOND THE B.E. 100s

**THERE'S SOMETHING UNUSUAL GOING ON JUST OFF I-20** in Dallas. On the third Saturday of each month, local residents begin arriving at Davis Buick Hyundai GMC in the wee hours of the morning—some even camp out all night—anxious to be the first on the lot. They're not gathering for coveted tickets to a concert or sporting event, but for the chance to purchase a car for just \$5.

# SHINING IN THE

In just over a year, Davis Automotive Inc. has nearly tripled its revenues to become the largest Buick dealer in Texas

Of course, not all cars on the lot are so cheap—only two or three patrons will have that privilege. Prices on the rest of the used car inventory are generally slashed “to the bare bones” in this first come, first served automobile feeding frenzy. So less fortunate early birds will at least drive away with a great deal on a good car. “The \$5 sale is a way for us to build a rapport with our customers and give something back to the community at the same time,” says owner Richard Davis. His philosophy on selling cars is predicated on excellent customer service, which begins with building the customers’ trust. For him, it’s an integral part of making his dealerships “someplace you’d want to come and spend \$30,000 or \$40,000.”

The strategy has been working since October 1996 when he purchased the Dallas dealership. In his first year, Davis turned the previous owner’s \$500,000 loss into a \$300,000 profit. That early success did not go unnoticed. In October 1997, General Motors approached Davis about buying another dealership in nearby Garland, Texas. “Rich had already proven successful with his other stores so it seemed appropriate to offer him an opportunity to purchase the Garland store as well,” explains Alan Ross, Dallas zone manager for Buick. They expected

By Tariq K. Muhammad

PHOTOS BY JESSE HORNBUCKLE

BLACK ENTERPRISE 100s  
ARCHITECTS OF THE NEXT MILLENNIUM

B.E. AUTO DEALER OF THE YEAR

# LONE STAR STATE

## B.E. AUTO DEALER OF THE YEAR

similar results in the Garland store, and Davis delivered. For the month of January, after only three months in operation, Davis Buick of Garland was the No. 1 Buick dealership in the Dallas area.

Having purchased two new dealerships in the span of a year, Davis' management prowess was put to the test. Yet, he's managed to reverse downward trends in both stores while increasing the sales trajectory of his existing Indiana dealership. His ability to keep a keen eye on the bottom line while managing threefold growth has

from the \$23 million of 1996.

"Gross revenues may indicate a dealer's salesmanship, but return on sales is the best measure of a dealer's business acumen," says Davis, who received a GM Profit Enhancement Program (PEP) award in 1997 from the GM Minority Dealer Association for the Indiana dealership. The award is given to minority GM dealers who have earned significantly higher profits than the approximately 2% industry average during the previous year.

Davis' Indiana store garnered a 5%

### THE RELUCTANT AUTO DEALER

Davis didn't rise through the ranks of the automobile industry to become a dealer. He went straight from consumer to dealer. It started in 1982 with a decision to purchase a car for his wife, Francine. A sales manager from a local Buick dealership in Detroit lived down the street from him. Rather than go to the dealership, Davis decided to pay his neighbor, Dale Cunningham, a friendly visit. He eventually purchased a Buick Skylark, and the two began a friendly relationship. Cunningham asked Davis, then a salesman for Aladdin Corp.—a maker of thermos bottles and other heat-retaining food storage devices—if he'd be interested in becoming an auto dealer through GM's Minority Dealer Academy. At first, Davis was cool to the idea.

"Dealerships were closing down every day because of the oil crisis," recalls Davis. "At the time I just didn't like the climate for auto sales." Cunningham's persistence, and Davis' growing dissatisfaction with the possibility of advancement at Aladdin, slowly began to change his mind. "I didn't see myself going any further with the company because of my unwillingness to relocate," says Davis. He'd turned down several promotions because they required that he move his wife and young son, Adrian, to Nashville, Tennessee, where the company was headquartered.

After four months of prodding, Davis finally agreed to speak to someone in the Buick organization, and enrolled in the GM Minority Dealer Academy in 1983. During the two-year program, Davis' time was split between the Academy in Flint, Michigan, and Harvey Buick in Taylor, Michigan, where he applied what he'd learned at the Academy. During the last phase of the program, a dealership became available and Davis jumped at the chance.

He became the first to be awarded a dealership opportunity, in a class that included Cornelius Martin, the 1997 BE Auto Dealer of the Year. With a 15% down payment, and financing from General Motors Holding Corp., he purchased his first automobile dealership for \$1.5 million. In August 1984, Davis Buick AMC (now Davis Buick Jeep



Davis is such a stickler for cleanliness, even his service center stays relatively spotless

earned Richard O. Davis, CEO of Davis Automotive Inc., the title of 1998 BLACK ENTERPRISE Auto Dealer of the Year.

### THE PROOF IS IN THE PROFITS

Davis Automotive Inc. is the umbrella for three dealerships that include Stephens Oldsmobile Honda in Bloomington, Indiana (purchased in 1993), Davis Buick Hyundai GMC in Dallas and Davis Buick of Garland. Last year, Davis Automotive Inc., grossed \$64 million on sales of nearly 4,000 vehicles—largely due to his purchase of the Dallas dealership, which accounts for \$40 million in revenues alone—slightly over a 275% increase

profit on \$20 million in revenues in 1996. Although he repeated that performance in 1997, he decided to enter the Dallas dealership in the competition instead. "Being recognized by your peers for your ability to run a dealership is like winning the MVP award in baseball," says the 48-year-old Davis. "To receive the award for the Dallas store as well would be like getting the MVP in both the American and National leagues." The 14-year auto industry veteran wasn't always such a heavy hitter; in fact, he never really intended to become an auto dealer.

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## B.E. AUTO DEALER OF THE YEAR

Eagle) of Battle Creek, Michigan, opened for business.

In his first two years of business Davis was buoyed by the success of his dealership—with first-year profits of \$100,000 and double that amount in the second year. However, a turning point came in 1986 when Buick changed the designs of some of its cars, including the Riviera, which was his most profitable model. "Customers didn't like the new design and my dealership suffered because of it," says Davis, who saw his Riviera sales dwindle from 50 cars a year to 12. Things got progressively worse from there.

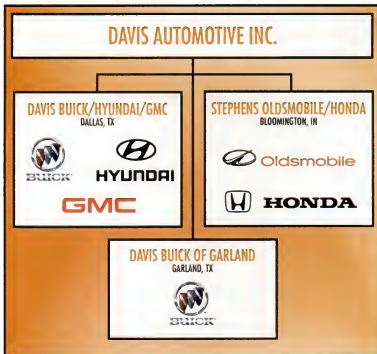
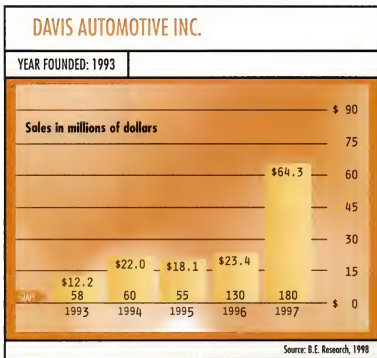
"Battle Creek was a factory town and things were closing up, so people couldn't afford new cars," explains Derek Truss, who worked for Davis for 10 years in two dealerships. Truss, who now owns a Chevrolet/ Oldsmobile/ Cadillac dealership in Zanesville, Ohio, also believes there were too many dealers trying to serve a small and shrinking market. "Times got so tough in Battle Creek that I couldn't afford to hire a porter to clean the cars," recalls Davis, who would go to the dealership on Sundays to wash cars with his family.

"Some years I would make \$50,000 or \$60,000 and others I would lose it," he says. Davis recalls the immense mental and physical fatigue that running the dealership caused him. He says that the support of his wife was a major factor in his ability to persevere in an environment where he was losing money as often as he was making it. Still, he believes that his current success is built on having been able to manage the business when money was tight. "I turned in better per-

formances as a dealer in Battle Creek than I have in stores where I'm making 10 times as much," he says.

In 1993, Davis heard of a better oppor-

of struggling with the Battle Creek store, Davis sold it back to GM for the chance to invest in Stephens Olds Honda. He hasn't looked back since.



tunity in Bloomington. "Lee McDaniel [director of the GM Minority Dealer Program] told me that I could work half as hard and make three times the money," he remembers. After eight and a half years

that store since we opened it," Davis boasts. He is one of only three African American Honda dealers in the U.S. and consistently ranks in the top 30 of over 1,000 Honda outlets in the country.

### WHAT'S IN A NAME CHANGE?

When Davis purchased Stephens Olds Honda for a capitalized cost of \$900,000 down, he decided not to change its name, which had been in the community for 50 years. "When you have a good name and reputation you should stick with it," says Davis. With a customer satisfaction index (CSI) already a stellar 92%, some were skeptical that he could do any better, but he was intent on raising it. Davis' "one price, no haggling" policy on all cars (which Saturn pioneered) was just one of his innovations.

"I've had a number of customers tell me that they were surprised that the store had gotten so much better [under Davis' ownership], especially since they'd thought the store was great already," says Mark Kinser, who'd worked at the dealership for 20 years prior to Davis' arrival. Kinser believes Davis' concern and caring for the customer's happiness, regardless of the cost, was one of the main reasons the dealership was able to achieve a 98% CSI before settling at 94%. Truss attributes the high marks to Davis' contention that any expense incurred when pleasing customers would be recouped by their continued loyalty. Davis also remodeled the store and forbade high-pressure sales tactics.

"We haven't lost a nickel in

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## B.E. AUTO DEALER OF THE YEAR

"Davis is an outstanding businessman and he understands the value of good customer service to the overall long-term success of his business," says Gary Russo, Midwest zone sales manager for American Honda. Russo estimates that Davis has grown the business at least 50% in the last five years.

"Our vice president of sales operations visited [Davis] and said to whatever extent he wants to grow with Honda, we would support him," adds Russo. Unfortunately, Honda had no plans for additional stores in Indiana when Davis was ready to spread his wings and take on another dealership. Having paid off his loan for the Indiana store, he set his sights on the Lone Star State. In early 1996, Davis' lifelong friend and fellow auto dealer John Powell mentioned that a dealership down the road from him was for sale and Davis let it be known that he was interested.

### A TWO-TIME WINNER

In October of 1996, Davis purchased Carl Sewell Buick Hyundai GMC, and left Kinser, now general manager, in charge of the Indiana store. Davis anted up 15% of the store's \$6 million price tag, and secured the rest through GM financing. The plan included an \$800,000 lot expansion. "I had one of the best truck inventories in the Dallas area and no one could see them," says Davis. Once the expansion was completed, anyone who passed the dealership on I-20 could see its inventory. And they came. In 1997, he was fifth in national sales of the GMC Yukon, and trucks accounted for nearly 50% of all new vehicle sales.

Davis also brought a tighter accounting system with him. "We definitely run a tighter ship now that Rich is here. Having him on the premises lets us constantly revise our goals to meet our needs," says Mel Warren, general sales manager. Warren also worked for the previous owner and can attest to Davis' control over unnecessary expenses. He was able to achieve much of the \$800,000 turnaround of the Dallas dealership in the first year of business by drawing in the reins on overtime and other expenses. For instance, the hands-on manager restructured the rent, with the help of GM, to cut payments in half and also reduced the

monthly bill for trash removal by half.

Davis was just beginning to feel comfortable with the Dallas store when the opportunity in Garland presented itself. "If I hadn't accepted the challenge of running the Garland store as well, I would have had to deal with a direct competitor in an adjacent market," he

### PAVING THE WAY FOR OTHER DEALERS

In addition to selling cars, he devotes much of his time to advocating for other minority dealers. Throughout his tenure as an auto dealer, Davis has been active in the minority dealers program—notably as president of the GM Minority Dealer



**Davis has a managers' staff meeting every morning. He believes being on site is one of the reasons he has been able to turn his Dallas dealership around.**

explains. The store was in disrepair and had only 10 new and four used cars on the lot. In just a few months, Davis has turned the store completely around and is looking forward to bringing it back to profitability.

Davis practices economies of scale by featuring both dealerships in radio and print ads. In another cost-saving move, accounting for both locations is handled in the Dallas store, cutting down on personnel and making it easier for Davis to keep an eye on the books. The biggest boost to the Garland store's profitability will be the construction of a new Buick flagship store to replace the 40-year-old Garland facility. Scheduled to break ground this summer, the store will have crucial highway visibility and Davis is anxious about the prospects.

Association from 1994 to 1997. "Being president has been one of the high points of my career because it has given me the chance to give back to the program that has been so instrumental in my success," he says.

Davis has also taken a more direct role in developing African American auto dealers. "I owe just about everything I have to him," says Truss, who began working for Davis straight out of college. Once Davis became aware of Truss' desire to own a dealership, he trained him in all aspects of the store and eventually sponsored his application to the dealer academy. Davis beams when he speaks of Truss' November 1997 purchase of a dealership. Davis' next protégé is his 22-year-old son whom he'd like to see follow in his footsteps. "At least, I hope he will," says Davis. "After all, you can't push a rope but you can pull it all day long." □

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BEYOND THE B.E. 100s

# MAKING THE

These new companies  
are blazing hot trails as  
the newest additions to  
the B.E. 100s universe

**IT'S THE SAME EVERY YEAR. WITHOUT FAIL, A SMALL GROUP** of brash and hungry CEOs boldly crashes the party, so to speak, by entering the exclusive domain of the **BE 100s**. And once again a number of companies in this year's freshman class have demonstrated their mettle by ascending to the top echelon of black business.

But as difficult as it is to make the **BE INDUSTRIAL/SERVICE 100** listing, it is far harder to remain in this elite group. Just a glance at last year's newcomers feature, "The Freshman Class of '97," reveals how quickly things can change. Leslie Corley, former CEO of Convenience Corporation of America, spent only a short time on our list before bowing to competition and sagging revenues. So the real question is not whether you get into the party, but rather, do you have the staying power to stick around?

While it's too early to answer that question, if their track record is any indication, the outcome should be positive. These chief executives operate their companies with their eyes wide open, not overlooking growth opportunities. Both have gone through the trial-and-error of running past enterprise. So what do the CEOs of an information technology company and one of the nation's largest black-owned oil companies have in common? Perseverance, dedication and perhaps most importantly, vision.

## **RIDING THE TECHNOLOGY RAILWAY**

David L. Steward has spent much of his life getting on the right track. Growing up in the sleepy hamlet of Clinton, Missouri, he heard stories of

By Derek T. Dingle

## GRADE

Don't let the baby face fool you. United Energy CEO James Winters has broken into the big leagues.

DALE DERRY

his great-grandfather's adventures as a pullman porter. His grandfather and father were also close to the transportation business—the former in hauling, the latter a mechanic. And the next generation of Stewards—he and his siblings—began their professional careers working for railroad companies.

The experience gave him an appreciation for the value of delivery systems. Today, Steward is one of the chief conductors in the burgeoning information technology sector. As chairman and CEO of World Wide Technology Inc. (WWT), he supplies Fortune 500 companies and government agencies with computer hardware and software as well as telecommunications networks. With a whopping \$135 million in gross sales in 1997, the St. Louis-based concern has pulled into a much-coveted stop: No. 11 on the BE INDUSTRIAL/SERVICE 100 list. "I traded in one transportation system for another," says Steward. "But now I am

responsible for moving information."

A graduate of Central Missouri State University, Steward, 46, launched WWT after successfully managing two other ventures. He seized his first entrepreneurial opportunity after working several years in sales and marketing for such corporations as Union Pacific and Federal Express. After discovering railroad companies were losing hundreds of thousands of dollars through inadequate billing procedures, he launched TBS, a firm that audited shipping rates, in 1984. Steward then realized that he could boost the efficiency of his clients' operations through the development of local area networks (LANs). The idea spawned a second company, Transportation Administration Services, which he started in 1987. "It became clear that if companies were going to be competitive, they needed someone to show them the integrated technical solutions to their problems," says Steward. "WWT evolved from that concept."

In 1990, he started WWT by leveraging \$250,000 in funds from his other companies, which he eventually shut down. (Steward, who owns 85% of the company, founded it with President and COO James Kavanaugh, who owns the remaining 15%.) The well-connected, gregarious entrepreneur used his corporate contacts to snare the company's first contract to provide computer equipment and technical support to Southwestern Bell. In the beginning, they handled all their jobs with just four employees. "We always went above and beyond the call of duty for our clients and managed to find some of the best talent in the marketplace," Steward reflects. "Most important, we truly walked the talk. We used technology to keep our operations efficient."

WWT started to take off in 1993 when the company expanded its portfolio of problem-solving solutions to include the implementation of company-wide imaging

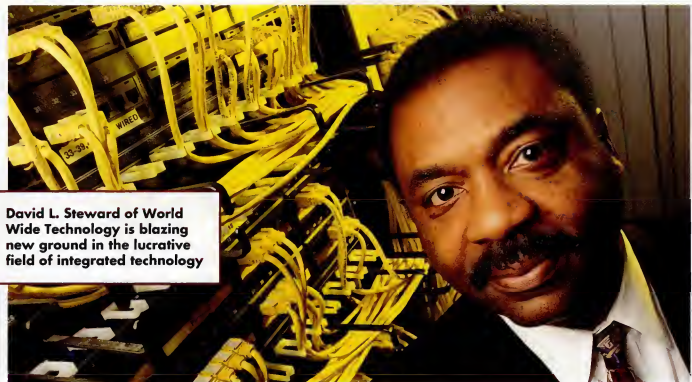
## B.E. 100s FRESHMAN CLASS

and conversion services as well as telecommunications networks. The addition of these services has enabled WWT to snare lucrative government contracts, which currently include the Global Command & Control Systems at Hanscom Air Force Base and the U.S. Marine Corps System Command. In fact, WWT supplied integrated workstations for military units in Bosnia to monitor troop movements. Such

telecommunications network. Recently, WWT partnered with Waterloo, Ontario-based Open Text Corp. to offer Livelihood Internet Solutions, a collaborative knowledge management system that enables organizations to provide secure Web-browser access to a company's intranet. And the concern was chosen to be a member of the Oracle Applications Dealer Network, a nationwide group of companies that

### FINDING GUSHERS ONE BOOTSTRAP AT A TIME

James Winters is a bootstrapper. Similar to the wildcatters of yore, he has scrimped money and applied good, old-fashioned elbow grease to build one of the nation's largest black-owned oil companies. And after eight years, his hard work has transformed Portland, Oregon-based United Energy Inc. from a one-man operation into



**David L. Steward of World Wide Technology is blazing new ground in the lucrative field of integrated technology**

government contracts make up 71% of gross revenues.

What has also kept WWT moving with all the speed of a runaway train—1,325% growth in sales since 1992—has been its strategic partnerships with such industry leaders as Oracle, Sun Microsystems, Netscape and Cisco Systems. These relationships have enabled it to provide a wide range of services. And judging by the recent activity, it doesn't seem as if WWT will be putting on the brakes anytime soon.

Selected from a field of 25 bidders, it became one of three minority-owned firms to sign a \$150 million contract with Lucent Technologies and Southwestern Bell to provide light assembly and material management of cable and components for its

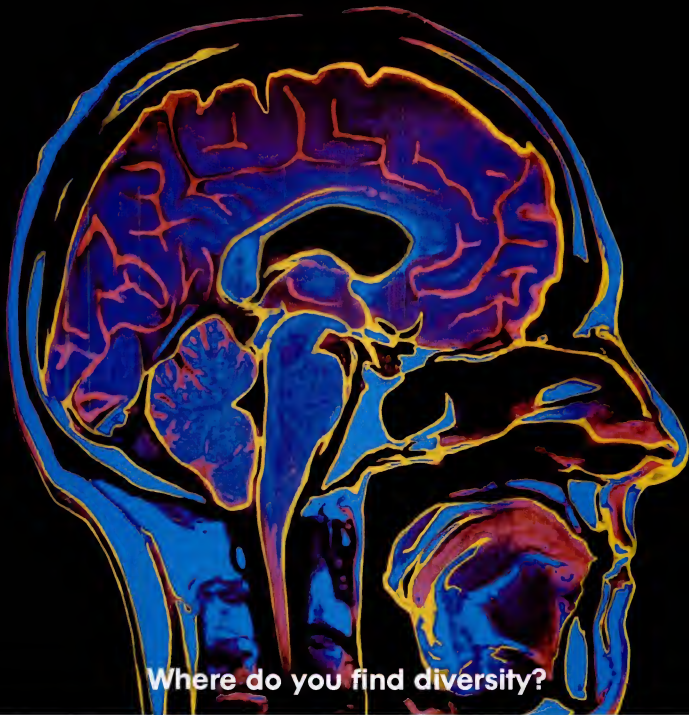
exclusively sells Oracle's business information products to mid-size companies.

As a result, the company has grown to more than 175 employees and established satellite offices in Minneapolis, San Diego, Dallas, Kansas City, Missouri, Washington, D.C., and Louisville, Kentucky. The internal focus has been to increase margins—1997 net operating profits before taxes were roughly 5%. He has decreased administrative expenses by investing more than \$1.6 million in the company's operation, which includes the implementation of a state-of-the-art financial, accounting and project management software system. Steward states, "We have positioned ourselves to take advantage of the industrial revolution of the information age."

a \$29 million business empire with 32 employees and a solid roster of corporate clients. Moreover, it has earned the concern the No. 74 spot on the **BE INDUSTRIAL/SERVICE 100** list.

Winters has succeeded in an industry that has not been too kind to black entrepreneurs over the past decade. In the early 1990s, the volatility of oil prices reduced the fortunes of a number of **BE 100s** oil concerns into little more than fossil fuel. The only **BE 100s** mainstay has been Boston-based Grimes Oil (No. 53 on the **BE INDUSTRIAL/SERVICE 100** list with \$38.76 million)—and that's after recovering from bankruptcy.

The 37-year-old Oregon State University graduate selected the oil industry after spending several years analyzing financial



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and viewpoint are a corporate asset, a way for each of us to test our values and help each other grow. So as we build a more diverse workforce, we're also aiming for a more open environment, a place where people chosen for their individuality can feel free to exercise it. In the long run, our objective isn't for people to ignore each other's differences, but to embrace them. To learn more, visit [www.mobil.com](http://www.mobil.com).

## B.E. 100s FRESHMAN CLASS

data for Great Western Petroleum during stints in California and Texas. By 1990, he decided to return to his hometown and start his own business. "I picked the oil business," says Winters, "because it was an industry that I had gained some comfort in."

Times were lean, though. For roughly 18 months, Winters used his savings and took a series of professional temp jobs to maintain a living while he tried to drum up business for newly incorporated United Energy. Initially, he operated the concern from the living room of his home. After work, he spent hours in the public library, poring over business publications and industry journals to identify contacts and potential clients. It took 10 months of sending letters to and cold-calling corporate purchasing offices before Winters landed his first contract. "I had one day to supply a small pipeline company with 55 drums of motor oil," he reflects. "I took the order but I didn't have any money to fill it."

Winters borrowed about \$6,000 from an

old college chum, Gregory Allen, to purchase the oil and rent a truck to make the delivery. The terms of the loan: repayment of the principal with interest and a 32% ownership stake in the enterprise. Learning how to operate a big rig for the first time, the determined Winters braved treacherous, winding roads to haul the cargo. He proved successful and, as a result, pocketed \$75,000.

He reinvested the money and began scouting for new accounts. In 1992, United Energy's big opportunity came when Winters persuaded officials from American Airlines to have his company supply them with 480,000 gallons of jet fuel—a deal worth roughly \$400,000. He was able to parlay that transaction into larger contracts with American and such companies as United Airlines, Alamo and National Car Rental.

Although petroleum distribution represents part of United Energy's business—the operation grossed \$21 million in 1997—Winters has diversified into other areas. In

1993, he developed a subsidiary that delivered and sold discounted home heating oil to consumers. By 1996, he divested the operation, which was selling more than 52,000 gallons of oil to Portland residents each month, to pursue other retail ventures that now produce the bulk of his profits.

The modern-day wildcatter believes United Energy's next gusher will come from acquiring franchises. In addition, the company has created 150-sq.-ft. quick-serve restaurants—basically clones of Taco Bell and Subway express outlets. (United Energy recently struck an agreement with Chevron to develop two restaurants at one location.) United Energy's two stores and restaurant operation grossed \$8 million in 1997.

Winters' conservative nature hasn't stopped him from pursuing 10-gallon dreams: He wants to have 10 stores in his fledgling chain by the year 2000. "We want to continue to develop the retail side of our business," he asserts. "It is a challenge that we are ready and willing to accept." □

## JOINING THE BIG LEAGUES

A total of 15 companies, including World Wide Technology and United Energy, are making their grand debut on the 1998 BE INDUSTRIAL/SERVICE 100. The following is a brief description and summary of the newcomers along with their rankings. (Helpful hint—if you want to start a new company and wind up on our list, consider starting a technology firm and base it in Virginia. Six of our new firms are based in the technology field and five of them are located there.)

### Simeus Foods International No. 15

This Mansfield, Texas-based concern is a custom food manufacturing business for a chain of national restaurants including Denny's, Hardee's and Quincy's Steakhouse. The company, formerly Portion-Trol Foods, was founded in 1974 and owned by Flagstar Corp. until it was acquired by current CEO Dumas M. Simeus in 1996. The company had revenues of \$105 million in 1997.

### Wittmayer International Inc. No. 48

This maker of watches and fine jewelry was purchased by Robert Coleman in 1996 and has been ticking away quite nicely. The New Rochelle, New York-based concern had revenues of \$42 million last year.

### Wilson Office Interiors No. 68

B.D. Hill heads this Carrollton, Texas, concern, which sells, designs and installs office furniture. The company was acquired in 1993 and had revenues of \$31 million in 1997.

### Golden West Foods No. 71

This Bedford, Virginia, firm is led by Frank B. Brooks. With 1997 revenues of \$30.5 million, Golden West is a marketer and manufacturer of custom food products to national restaurant chains. Its primary customers include Burger King, AFC and Darden. The company was acquired in July 1995 from McCormick Inc.

### United Communications Systems Inc. No. 86

The McLean, Virginia-based company provides integration of information systems (IT) products/networks and services. Headed by Charles Johnson, the

firm had revenues of \$24 million last year. Johnson acquired the company in 1994.

### Advanced Resource Technologies Inc. No. 90

Horace F. Jones leads this information systems engineering company in Alexandria, Virginia. The firm, which primarily services federal, state and local government agencies, had revenues last year of \$22.2 million.

### JIL Information Systems Inc. No. 92

This Vienna, Virginia-based company is led by J. Calvin Glover. An information technology firm, the company had \$20.9 million in revenues in 1997.

### Adams McClure Inc. No. 93

Robert C. Adams leads this Denver printing and fulfillment concern, which had \$20.1 million in revenues in 1997.

### C.D. Moody Construction Co. Inc. No. 94

This construction design, building and management firm had \$20 million in revenues. Based in Lithonia, Georgia, the company is led by C. David Moody and primarily provides general construction,

flooring, carpentry and site work for customers in the private sector.

### PRWT Service Inc. No. 95

Willie F. Johnson leads this Philadelphia payment and document processing firm, which had 1997 revenues of \$19.5 million.

### Global Management Systems Inc. No. 96

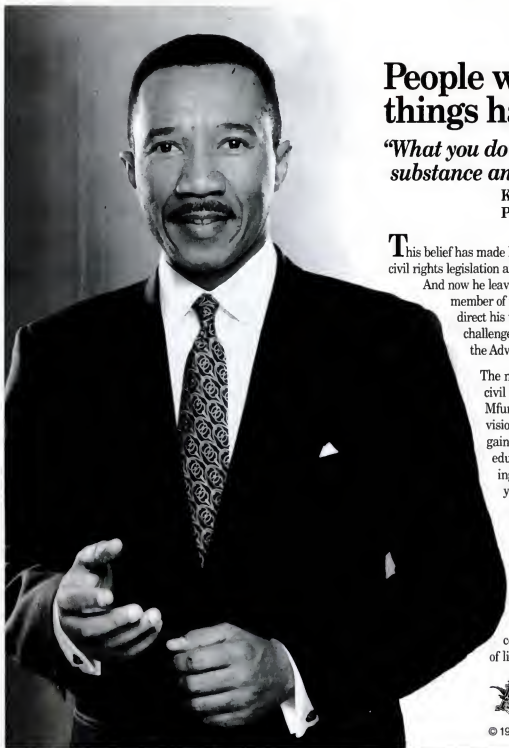
This Bethesda, Maryland, firm is run by Hilton H. Augustine Jr. The computer information technology concern had 1997 revenues of \$19.1 million.

### General Scientific Corp. No. 98

Henry G. Nash runs this Arlington, Virginia, systems and engineering design firm, which provides systems design and integration services to government and private sector firms. The firm had 1997 revenues of \$18.6 million.

### Fidelity Group Inc. No. 100

Headquartered in Great Neck, New York, Fidelity grew revenues from \$6 million in 1996 (its first year of operation) to \$18 million in 1997. The firm, led by Eugene Duncan, is a third-party administrator of union health benefits.



## People who make things happen.

*"What you do should have substance and worth."*

Kweisi Mfume  
President & CEO, NAACP

**T**his belief has made Kweisi Mfume a leading force in civil rights legislation and the mobilization of our youth.

And now he leaves an outstanding career as a member of the United States Congress to direct his talents to the urgent needs and challenges of the National Association for the Advancement of Colored People.

The nation's largest and oldest civil rights organization welcomes Mfume's leadership and shares his vision of mobilizing its supporters to gain political and economic power, educational excellence and instilling substance and worth in our young people.

Anheuser-Busch supports the work of the NAACP, just as we support other educational and social programs, community projects and minority businesses.

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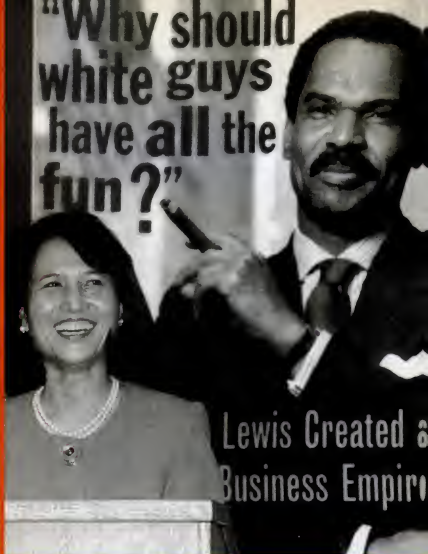


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Loida Nicolas Lewis speaking at Harvard Law School

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B.E. 100s OVERVIEW

B.E. COMPANY OF THE YEAR

B.E. AUTO DEALER OF THE YEAR

B.E. 100s FRESHMAN CLASS

B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

B.E. INSURANCE OVERVIEW

B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

**AL ANDERSON COULDN'T BELIEVE HIS EYES. IT WAS THE** first time he had ever seen a black advertising agency rated in *Adweek's* annual report card survey. "I may be wrong, but I don't think this has ever happened before," says the 56-year-old owner of Anderson Communications, an Atlanta-based agency that's been in business for 27 years.

Anderson is referring to the historic appearances of Burrell

## A BATTLE FOR BILLINGS

Black  
advertising  
agencies  
face untold  
opportunities,  
but must fight  
intensely with  
mainstream  
agencies  
determined to  
own it all

Communications Group of Chicago and UniWorld Group of New York in the March 30 issue of the advertising trade publication, in which the top 100 ad agencies (nonconglomerates) in the country were ranked and the top 50 in each region graded. Burrell, ranked 67, received a "B+" grade, while UniWorld, ranked 84, was given a "C." The grades were based on criteria that included billings, account management and growth, creativity and business management.

This landmark event says it's clearly time to revisit the advertising industry and see how black-owned full-service advertising agencies are faring. To help put things into proper perspective, we've reinstated our annual **BLACK ENTERPRISE** ranking of black ad agencies, which last appeared in our first **BE 100s** issue, June 1973. While much has changed for black agencies over the past 25 years, much also is the same. Now, as then, the black agency is being muscled aside by mainstream agencies in the mad race for ethnic market business.

By Roz Ayres-Williams

## B.E. ADVERTISING AGENCIES OVERVIEW

BE's first list of 15 agencies recorded total billings of \$31.4 million. Of those advertising pioneers, only Vince Cullers Advertising, UniWorld Group and Burrell Communications (then Burrell McBain) remain today. Anderson Communications (No. 12 on the BE ADVERTISING AGENCIES list), now a full-service agency, started in 1971 as a marketing and public relations firm. Circulation Experti (No. 14 on the BE ADVERTISING AGENCIES list) opened its ad agency in 1979. Similarly, Beach Advertising/Beach Graphics (No. 20 on the BE ADVERTISING AGENCIES) became a full-service agency in 1974.

Anderson, whose accounts include Pillsbury, Kraft, KFC, Kroger and Sara Lee's meat division, keeps close tabs on what's happening in the industry. He sums up the state of the business in frank terms. "Only five or six companies are really doing any serious business out there today—particularly UniWorld, Burrell and Don Coleman. Nearly everybody else is struggling, at best."

This view bears out. Our three top-ranked agencies accounted for more than half of the total 1997 billings and revenues recorded by all 20 of the agencies appearing on our current list. "In a sense, the black agency has been the victim of its own success," says industry expert Ken Smikle, president of Target Market News, a market research group in Chicago. "It sold white advertisers on the potential of the African American consumer market, and now these companies are turning to their white agencies to help deliver the goods. Black agencies are fighting for the right to market to the very market they helped create."

An excellent example of this is

Miller Brewing Co., which engaged Wieden & Kennedy, a white agency in Portland, Oregon, to create spots for its Miller Genuine Draft brand targeting African Americans and Hispanics.

Oddly, the industry that routinely churns out advertising featuring black attitude, culture, style and music is nearly as devoid of diversity as it was over 100 years ago. Back then, media agents such as J. Walter Thompson and N.W. Ayer

training. "It's really questionable whether white agencies would absorb black talent if the African American agencies suddenly folded," she adds.

As former vice president/account supervisor at Grey Advertising, Mark Robinson felt there were subtle attempts to curb his advancement, which prompted him to leave. "Advertising is a relationship business. Many whites don't like you being buddies with their clients,

their friends. They often resent black participation in the business," says 41-year-old Robinson. "There's also a prevailing sense of denial that blacks ever create anything of value. Instead, whites may put our work down, ignore it or co-opt it."

Robinson, who later worked at UniWorld for seven years as vice president and group account director before leaving to help Spike Lee manage

his new agency, Spike DDB, says that in addition to these barriers, black agencies have an inner conflict to correct. They want business on the basis of "the best person won," but, on the other hand, claim affirmative action as the reason they should be hired. "You can't sell both stories," he says. "Several of our agencies deserve general market business, but will have to be willing to go up against white agencies to win it." (Robinson left advertising earlier this year to start his own company, MSSR Corp., a direct response apparel and collectibles company.)

Byron Lewis, chairman and CEO of UniWorld, agrees, saying, "It's ironic that we, the pioneers, must compete with upstarts for our survival. But we're survivors. And we're ready for a good fight."

### TARGETING THE BLACK CONSUMER

BLACK AGENCIES ARE SLOWLY GETTING A LARGER PERCENTAGE OF WHAT ADVERTISERS SPEND TO MARKET TO BLACKS

| YEAR        | AMOUNT SPENT ADVERTISING TO BLACK CONSUMERS* | BILLINGS ALLOCATED TO BLACK AD AGENCIES |
|-------------|----------------------------------------------|-----------------------------------------|
| 1984        | \$411 million                                | \$140 million                           |
| 1986        | 638 million                                  | 217 million                             |
| 1988        | 694 million                                  | 229 million                             |
| 1990        | 743 million                                  | 247 million                             |
| 1992        | 785 million                                  | 271 million                             |
| 1994        | 834 million                                  | 296 million                             |
| 1996 (est.) | 865 million                                  | 337 million                             |

\*Dollars allocated by major national advertisers only.  
Source: Target Market News, Chicago, 1998

added creative services to their offerings and started what are considered the first full-service general market ad agencies in the United States.

Heide Gardner is senior manager of diversity and strategic programs for the AAF Foundation, a nonprofit educational affiliation of the American Advertising Federation in Washington, D.C. She reports that fewer than 3% of advertising, marketing and public relations managers are African American, and most of them work for black companies. "Much of this industry's business is happening without significant minority participation," Gardner says. Also, the advertising industry doesn't appear to have embraced the concept of affirmative action, and most agency employees have never undergone any form of diversity



No annoying salespeople. No haggling over prices. Just like visiting a Saturn retailer.

We've always tried to make sure that shopping for a Saturn would be different. Which—by auto industry standards—translates to stress-free and perhaps even



fun. And in that sense, our Web site is a lot like a Saturn retailer. When you stop by for a visit, you can actually build your own coupe, sedan or wagon. So, for instance, if you



want the CD player, or the leather interior, you just click on it, and it gets

added to your car. You can calculate the sticker price, the monthly payment,

or weigh lease options. You can even arrange for a test-drive. And if you want,

you can do it all in your underwear. Which is the one

thing you can't do when you visit your Saturn retailer.



A DIFFERENT KIND of COMPANY. A DIFFERENT KIND of CAR.

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## B.E. ADVERTISING AGENCIES OVERVIEW

### SMOKE AND MIRRORS—OR REAL GROWTH?

By 1990, approximately 27 black agencies were billing a combined total of \$247 million, one-third of the \$743 million that major national advertisers were spending to reach black consumers (see chart). In the latest numbers available from Target Market News (1996), national advertisers spent an estimated \$865 million pushing products and services to the black consumer—roughly a \$122 million increase over 1990. The lion's share of those dollars rained on mass market agencies and the top black agencies, often leaving smaller ones high and dry in terms of growth.

"To create growth, black agencies should convince industries that are not currently advertising to black consumers that it's in their best interest to do so, and to use black agencies' expertise," says Smikle. "And they shouldn't spend too much time competing for general market business, where growth rates tend to be flat." Opportunities abound in several areas, including the information technology, retail, finance, luxury automobiles and travel industries.

Any company not seriously looking at the value of minority markets, "particularly the African American market," will not realize its true potential, adds Sam Chisholm of the Chisholm-Mingo Group in New York. "Similarly, if we just look at ourselves as creators of ads and commercials, we're dead. We have to help our clients solve problems as marketing advisors who can help them get at the billions of dollars in the ethnic market."

### A SNAPSHOT OF THE BUSINESS

Burrell Communications' (No. 1 on the BE ADVERTISING AGENCIES list) billings jumped 38% last year, thanks to new business that included Bacardi-Martini USA, HBO, Bahamas Tourism and the *Chicago*

*Tribune*. One of Burrell's best-known spots is "Action Movie," for the "Did somebody say McDonald's?" campaign, in which the hero stops to get a hamburger.



*Tribune*. The agency also received the O'Toole Award for Creative Excellence in Advertising to African Americans from the American Association of Advertising Agencies (4A's), for its 1997 body of work.



His "B+" grade from *Adweek* is an additional source of pride for Chairman and CEO Tom Burrell, who says the recognition "confirms our creativity and also that we are a solid business enterprise."

In *Adweek's* evaluation of UniWorld (No. 2 on the BE ADVERTISING AGENCIES list), Byron Lewis was advised to "pay more attention" to bringing in new business. The agency, whose clients include NationsBank, Burger King and AT&T, scored big last year when it landed M&M/Mars 3 Musketeers, a general market account. The campaign features comic actress Fran Drescher (of *The Nanny*), three handsome musketeers and the tag line, "Big on chocolate, not on fat." UniWorld, which was voted runner-up in the O'Toole Award competition in the African American category, also was awarded some of Texaco's business after the infamous "black jelly bean" debacle sent shockwaves through corporate America.

Termed the quintessential "agency of the '90s" by peers and industry watchdogs alike, Don Coleman Advertising Inc. of Southfield, Michigan (No. 3 on the BE ADVERTISING AGENCIES list) has nearly doubled its billings over the past four years. Founded 10 years ago, DCA, which posted \$111 million in billings and revenues last year, was selected as BE's Agency of the Year (see "A Creative Point of View," this issue).

Sam Chisholm joined the Mingo-Jones-Guilmot Advertising team in 1979, before cofounder Caroline Jones left to fly solo in the mid-'80s. He kept the agency running, retaining all of the shop's clients, after partner Frank Mingo's death in 1989. Today, Chisholm-Mingo (No. 4 on the BE ADVERTISING AGENCIES list) has a client roster that includes General Motors and the U.S. Army. Last year, the agency, which focuses primarily on growing existing business and is credited with a strong client retention rate, added Denny's, a significant account. Chisholm points to their Ambi Skin Care campaign ("Skin care that's more than skin deep") and its

A black and white photograph of a man in a dark suit, white shirt, and patterned tie. He is running towards the camera with a wide, joyful smile, his mouth open as if shouting or laughing. He is carrying a white briefcase in his right hand. The background shows a modern building with large glass windows and a cloudy sky.

( it's your thing )

Starting your own business was the one thing

you always said you'd do. And now

that you're the boss, you're free to

run things just the way you want,

from wherever you want. AT&T Digital PCS

service\* makes it easy. What's more,

AT&T helps you stay close to the things

that really mean the most.

*"Daaaaaaddy!!!"*

It's all within your reach.\*



**AT&T Digital PCS service.**

Offers a new level of digital clarity, VoiceMail,  
Caller ID—even text messaging—all in one.

[www.att.com/wireless/](http://www.att.com/wireless/)

\*Service not available in all areas.

## B.E. ADVERTISING AGENCIES OVERVIEW

new "Growing Kids USA" institutional campaign for Denny's as proof that their creative has evolved to be in step with today's consumer.

Muse Cordero Chen & Partners of Los Angeles (No. 5 on the BE ADVERTISING AGENCIES list) has among its clients Qwest, a long-distance telephone company that's targeted the Big Three, AT&T, Sprint and MCI, in a new national campaign. Muse Cordero Chen was tapped to produce a multi-ethnic campaign aimed at Hispanic and Asian American consumers, launching spots in five test cities. The 12-year-old agency recently won first place in the Hispanic-American category of the 4A's O'Toole Awards for its work for Nike, Supercuts and other clients.

Edging close to the \$50 million mark is Carol H. Williams Advertising in Oakland, California (No. 6 on the BE ADVERTISING AGENCIES list). Founded in 1988, Williams had a late-year increase in billings with the addition of four new clients, including Coors, totaling \$23 million in new billings.

After Coors invited her to participate in an agency review, Williams won the account away from UniWorld. "I never go after another black agency's business," she says. "There's enough work around that we don't have to do that. But if a company opens up an opportunity, that's a different story."

Williams, 50, feels that target marketing is much harder to do than mass marketing, evidenced by the fact that so few know how to do it or even understand it. "Also, we often have to make sure our campaigns work in synergy with the client's mass market campaigns while still hitting strategic targets," she says. "We have to maximize similarities while minimizing differences and still come up with a creative winner."

She also observes that many advertisers consider ethnic marketing as "community service" advertising and do it only when they think it will have some community

shops that know the territory. Staid Leo Burnett USA, based in Chicago, recently spun off Vigilante, a funky, street-level creative shop under the direction of Marc

Stephenson Strachan, chief marketing and operating officer. "I have no problem with Leo Burnett trying to compete in this fashion," says MSSR Corp.'s Mark Robinson, "but it would have been better, perception wise, if they'd given Strachan 51% ownership."

DDB Needham Worldwide made a similar move with the start-up of Spike DDB (No. 10 on the BE ADVERTISING AGENCIES list) last year, a full-service agency 51% owned by filmmaker Spike Lee. Spike DDB reported billings last year of \$22.5 million, with accounts such as the Miami Heat basketball franchise, Soft Sheen Hair Care Products and Fox Sports Net. Soft Sheen is the only special market account; the rest is general market work. Lee, who is president, spends three half-days a week on average giving concentrated attention to his 15-person shop's work.

He is involved in every aspect, from finding and landing clients to media buying and, of course, production. Profits are split 51%-49% with DDB Needham Worldwide, which, according to the *Standard Directory of Advertising Agencies* (also known as the Red Book), billed \$10 billion last year.

One of the industry's most intriguing stories is that of Caroline R. Jones, who started out in the mid-'60s as "the first trained African American copywriter in the business." After leaving Mingo-Jones-Guilmenot, the creatively hot shop she started with Frank Mingo and Richard Guilmenot in 1977, she formed Caroline Jones Advertising in 1986. Her new shop (No. 12 on the BE ADVERTISING AGENCIES list) ran into difficulty a few years later as the result of a nonpaying client.

CHISHOLM-MINGO GROUP

Sam Chisholm

Papa's Got A Brand New Bag.

You've Got To Bag It Up.

value. "If your client has this thinking, then the account will never grow," says Williams. "You're trying to do business—they're doing a civil rights campaign."

One way mass market agencies have

CAROL H. WILLIAMS ADVERTISING

It must be Magic!

"Dance-floor" to "make under",

Chastity to Head of the Class,

backpacks to briefcases,

big yellow bus to black sedan

...with ten interior, of course.

been getting around the dilemma of "owning" African American (i.e., urban) market business they don't quite understand is to form what are called "guerrilla"

“The more diverse  
we are inside, the better  
able we are to help our  
customers on the outside.”



Cassandra Henderson,  
Human Resources Manager

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## B.E. ADVERTISING AGENCIES OVERVIEW

As part of her turnaround effort, Jones restructured the company to better reflect the full scope of her services to domestic and international clients, which include the U.S. Postal Service, McDonald's, Anheuser-Busch and newly signed Cendant Corp. Calling her business "vibrant," Jones says, "It was easy for me to tackle the task of turning my agency around due to our creative reputation."

Burrell took some of the joy out of Vince Cullers' 40th anniversary gala last year (celebrated a year late), when the agency walked away with two of Cullers' oldest and biggest name accounts, Sears and Kellogg's. This sent a reminder to all that while there's camaraderie among most of the agency owners (Tom Burrell, an old friend of Cullers, attended the gala after the shift was announced), business is business. According to Jeff Cullers, named president last year, the pioneer agency (No. 15 on the BE ADVERTISING AGENCIES list), which reported billings of \$7.6 million, took a 20% hit with the loss. "No one likes to lose business," says Cullers, "but we had Kellogg's for 20 years and Sears for 25. It was time for a change."

Last year the agency overhauled staffing and management to bring the company "into the decade." Now calling itself the "Oldest newest African American ad agency," Cullers plans an aggressive pursuit of new business to add to existing accounts like Amoco, Pizza Hut and Visa. (Jesse J. Lewis & Associates, No. 16 on the BE ADVERTISING AGENCIES list, of Birmingham, Alabama, also claims the title of the first African American advertising agency in the nation, having formed in 1952, four years before Cullers.)

### POSTING GAINS FOR THE FUTURE

How can black agencies continue to grow for the future? First, they must not be afraid of head-on competition with white agencies. Carol Williams warns agencies to be prepared to spend at least \$30,000-\$40,000 on strategic agency presentations when going against bigger shops.

Motions. Experts suggest that traditional agencies should consider how they might incorporate these new trends into their current services to clients.

Another way agencies can increase revenues is to develop their own media outlets. UniWorld has done this with *America's Black Forum*; Vince Cullers with *Srelluc* (Cullers spelled backwards)

Productions, which produces *The Spirit Awards*; and Anderson with Anderson Media Services, which produces the nation's first syndicated radio gospel program, *Inspirations Across America*.

Agencies looking to establish themselves should open offices where business is. For example, 55% of African Americans live in the Sunbelt, placing Anderson, Jesse J. Lewis and Associates, Visions USA Inc., Images USA, Sykes Communications Inc. and The King Group in a good spot. Expanding industries include supermarkets, drugstores, clothing retailers, financial centers and information technology firms, creating fertile territory for hungry agencies to explore.

And finally, black agencies should think coalition. Says UniWorld's Byron Lewis, "Just as there's been a sea of change in how general market agencies operate—merging, spinning off guerrilla subsidiaries, leveraging economies of scale in media buying, creative and production—we,

too, have to learn how to grow and compete, pool our resources and build alliances." When asked if there would ever be a chance the big three black agencies would merge into one giant super agency, Lewis, 66, smiles and says, yes, he would consider doing that—provided he was in charge of it. "After all," he quips, "I'm the oldest." □

### HOW WE SELECTED THE TOP AGENCIES

We canvassed the *Standard Directory of Advertising Agencies*, combed industry publications and made inquiries in the field to compile a list of full-service advertising agencies in the U. S. that are 51% black owned. Surveys were sent to these agencies; those that responded and met the criteria were placed into our ranking.

To qualify as a full-service advertising agency, the company has to make media placements—that is, purchase time and/or space for its clients' advertising. Companies that only provide consulting services, or only create or produce advertising or only do media placements do not qualify as full-service agencies.

We elected to list only the 20 highest-earning agencies, based on 1997 performance, on the assumption that these firms were most likely to have at least one national account and a minimum of \$2 million dollars in billings.

An agency's financial status is measured in terms of billings, monies allocated by an advertiser to its agency to buy time on television and/or radio, or space in publications and other print media. These media outlets then pay a commission back to the agency in the form of a discount in the 15%-22% range, which the agency counts as revenue. Other sources of revenue for an agency include production fees that the agency charges the client to produce the advertising, and fees for adjunct services such as public relations, consulting and promotional work.

Our ranking is based on a combined total of actualized billings plus capitalized billings (where commissions have not yet been paid, but the media buys were completed) and other agency fees reported as revenues, an accepted industry practice for reporting earnings status. In most all cases, this accounts for the differences between Red Book figures and agency-reported figures.

Keeping an eye on new developments in the industry will be key. Since 1996, the Red Book has included a new category of advertising agency—the cyberagency. These new-wave talents, which bill themselves as full-service Web presence providers, design Web pages and handle Internet advertising, marketing and pro-

# Supplier Diversity is a Partnership at the United States Postal Service

To operate on a daily basis the U.S. Postal Service has a varied set of needs that translate into contract opportunities worth billions of dollars.

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by tapping into the many talents and strengths of the diverse business community that the Postal Service will remain a global leader in communications.

The U.S. Postal Service continues to establish partnerships with businesses that are as dedicated to quality and services as we are. We continue to look for companies with expertise in areas that will compliment the Postal Service's strengths and help us enhance our supplier base. We see small, minority, and women-owned businesses as potential partners, not just suppliers. For more information write Diversity Development, Corporate Supplier Diversity, United States Postal Service, 475 L'Enfant Plaza SW, Room 3821, Washington, DC 20260-5616.



**Bob Harris**  
Vice President,  
Diversity  
Development

**Pam Gibert**  
Vice President,  
Retail

**Keith Strange**  
Vice President,  
Purchasing and  
Materials

**Richard Porras**  
Vice President,  
Controller

**Rudy Umscheid**  
Vice President,  
Facilities



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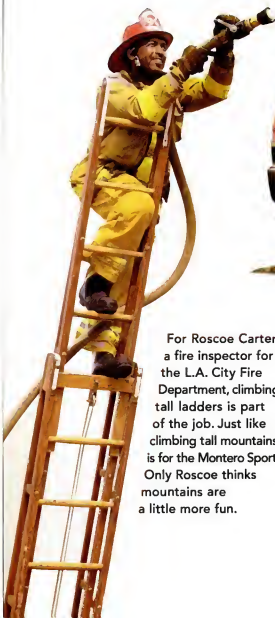
XLS 4WD model shown

Inside the Montero Sport XLS, you'll find a roomy interior and lots of standard luxury features to enjoy. Like leather-trimmed seats. A Mitsubishi Infinity™ premium sound system. Power windows, mirrors and door locks. And yes, even power under the hood.

Sure, the toy works now. But don't expect it to work as well in the Montero Sport. Because the suspension was designed to give you a really smooth ride.



## Pot holes. Train tracks. Bumpy roads. Consider them extinguished.



For Roscoe Carter, a fire inspector for the L.A. City Fire Department, climbing tall ladders is part of the job. Just like climbing tall mountains is for the Montero Sport. Only Roscoe thinks mountains are a little more fun.



LS 2WD model shown

Work is punishing enough. Your commute shouldn't punish you, too. Fortunately, there's the smooth-riding Montero Sport. You might say it's our way of helping you deal with life's little bumps. For more information or a free video on the Montero Sport, call 1-800-55MITSU. Or swing by our web site at [www.mitsucars.com](http://www.mitsucars.com)



Montero Sport MSRP ranges from \$18,030 to \$32,250, plus \$455 destination/handling (Alaska \$575). Excludes tax, title, license, registration fee, dealer options and charges. Prices and vehicle availability may vary. Actual prices set by dealers.

## B.E. ADVERTISING AGENCIES

| THIS YEAR | COMPANY                                  | LOCATION                   | CHIEF EXECUTIVE      | YEAR STARTED | STAFF | 1997 BILLINGS* |
|-----------|------------------------------------------|----------------------------|----------------------|--------------|-------|----------------|
| 1         | BURRELL COMMUNICATIONS GROUP INC.        | Chicago, Illinois          | Thomas J. Burrell    | 1971         | 162   | 167.999        |
| 2         | UNIWORLD GROUP INC.                      | New York, New York         | Byran E. Lewis Sr.   | 1969         | 135   | 162.000        |
| 3         | DON COLEMAN ADVERTISING                  | Southfield, Michigan       | Donald A. Coleman    | 1988         | 101   | 111.000        |
| 4         | THE CHISHOLM-MINGO GROUP INC.            | New York, New York         | Somuel J. Chisholm   | 1977         | 43    | 73.712         |
| 5         | MUSE CORDERO CHEN & PARTNERS             | Los Angeles, California    | J. Melvin Muse       | 1986         | 47    | 50.000         |
| 6         | CAROL H. WILLIAMS ADVERTISING            | Oakland, California        | Carol H. Williams    | 1988         | 24    | 48.500         |
| 7         | SYKES COMMUNICATIONS                     | Houston, Texas             | Ray A. Sykes III     | 1985         | 22    | 23.958         |
| 8         | THE WIMBLEY GROUP INC.                   | Rolling Meadows, Illinois  | Charles L. Wimbley   | 1987         | 18    | 23.000         |
| 9         | R.J. DALE ADVERTISING & PUBLIC RELATIONS | Chicago, Illinois          | Robert J. Dale       | 1979         | 19    | 22.700         |
| 10        | SPIKE DDB                                | New York, New York         | Spike Lee            | 1996         | 15    | 22.500         |
| 11        | E. MORRIS COMMUNICATIONS INC.            | Chicago, Illinois          | Eugene Morris        | 1987         | 18    | 16.100         |
| 12        | ANDERSON COMMUNICATIONS                  | Atlanta, Georgia           | Al Anderson          | 1971         | 14    | 15.000         |
| 12        | CAROLINE JONES INC.                      | New York, New York         | Caroline R. Jones    | 1986         | 12    | 15.000         |
| 14        | CIRCULATION EXPERT LTD.                  | Hartsdale, New York        | Warren G. Jackson    | 1968         | 15    | 12.500         |
| 15        | VINCE CULLERS ADVERTISING                | Chicago, Illinois          | Vince Cullers        | 1956         | 20    | 7.600          |
| 16        | JESSE J. LEWIS & ASSOCIATES              | Birmingham, Alabama        | Christopher Bazuaye  | 1952         | 10    | 6.500          |
| 17        | THE KING GROUP INC.                      | Dallas, Texas              | Johnnie King Jr.     | 1987         | 10    | 6.000          |
| 18        | VISIONS USA INC.                         | Atlanta, Georgia           | Cyrus W. Daniels Jr. | 1988         | 16    | 3.906          |
| 19        | IMAGES USA                               | Atlanta, Georgia           | Robert L. McNeil Jr. | 1989         | 30    | 3.800          |
| 20        | BEACH ADVERTISING/BEACH GRAPHICS         | Philadelphia, Pennsylvania | George Beach         | 1958         | 15    | 3.394          |

\*In millions of dollars, to nearest thousand. As of December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

NINETEEN 98

BLACK ENTERPRISE 100s

THE NATION'S LARGEST  
BLACK BUSINESSES

B.E. 100s OVERVIEW

B.E. COMPANY OF THE YEAR

B.E. AUTO DEALER OF THE YEAR

B.E. 100s FRESHMAN CLASS

B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

B.E. INSURANCE OVERVIEW

B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

# A CREATIVE POINT

**"HOW DO YOU TAKE YOUR ADVERTISING?" READS THE** caption under a picture of a cup of coffee in the ad for Don Coleman Advertising Inc. (DCA).

Like the agency's signature style, the ad is clean and elegant, yet with just the right amount of punch: "Well, if you want it to be successful, you take it rich and full-bodied. And if you want it to be strong, you take it Black."

For the past 10 years, black is exactly how CEO and President Don Coleman has served up the intelligent and

A fresh perspective  
and client partnerships  
have given Don  
Coleman Advertising  
the designing edge

delightfully entertaining creative product brewed in his shop. Whether it's Parliament's song "Flashlight" thumping behind the Dodge Neon commercial or the warm weekend family settings for General Mills' Bisquick and Betty Crocker's Super Moist cake mix, DCA ads capture the lifestyles of today's African American consumer.

"They have the ability to blend sophistication and hipness in their creative approach," says Ken Smikle, president of Target Market News, a Chicago-based marketing research firm that tracks black consumers. "What really accounts for the agency's success is the excellence they bring not only to the creative side, but also to their strategic planning."

Chock-full of young blood and creative zest, the Southfield, Michigan, agency bases its future growth on hub-and-spoke-style deals with clients. Besides its trademark advertising, research and strategic planning, DCA also offers public and press relations, promotions, media buying and special events. The courtly Coleman and firebrand Executive Vice President and partner Charles

By **Cassandra Hayes**

PHOTOS BY JULES ALLEN

B.E. ADVERTISING AGENCY OF THE YEAR

OF VIEW

When it comes to African American advertising,  
Coleman's got the ball in his court



## B.E. ADVERTISING AGENCY OF THE YEAR

"Chuck" Morrison together present more than 45 years of advertising and marketing experience.

For its other clients—Domino's Pizza, Kmart, Shell Oil, Ameritech, Western Union, the Michigan State Lottery and Carson Products of Dark & Lovely fame—DCA provides the conduit to an African American market with more than \$400 billion to spend. "More companies are realizing that this market leads product categories and drives many others," says the 46-year-old Coleman. "If a company is going to grow, it must be strategic and address the urban market. If

### BUILDING A FORMIDABLE TEAM

If not for a football injury, Madison Avenue may never have seen the talents of Don Coleman. After knee injuries permanently sidelined him in 1977, the former linebacker for the University of Michigan, New Orleans Saints and New York Jets set his sights on advertising. With an M.B.A. in marketing from Hofstra University in Hempstead, New York, Coleman joined Campbell-Ewald Advertising in Warren, Michigan. By 1982, Coleman, then a vice president and management supervisor, began to see a trend: the African American and Hispanic markets were growing

brightest talent in advertising research, strategic planning, media buying, creative and client services. One of those was Cheryl Harps, a communications whiz who fine-tuned her media planning and buying skills in radio and television at Campbell-Ewald and BBDO before becoming executive vice president and director of media communications at DCA. The other was Ron Franklin, executive vice president and director of marketing operations and fellow Burrell alum, who is touted as the "godfather of African American advertising research." In 1995, with Domino's Pizza, Chrysler and General Mills accounts under its belt, DCA had finally arrived.

"No one else has graduated from a black agency, started their own business and then become a rival to that former employer," says Smikle speaking of Coleman. "The real uniqueness behind DCA is that for a second-generation shop, it has had extraordinary growth." DCA, whose billings increased almost 25% last year, is projecting a conservative 20% growth for 1998. "That's important because it suggests that the next generation of black-owned ad agencies is in good hands," he adds.

To shore up that security, Coleman brought in Morrison. The former vice president of ethnic marketing for Coca-Cola USA, who has held various marketing positions at Procter & Gamble and the Schlitz Brewing Co., has an enviable track record. Some 20 years ago, Morrison, now in his early 50s, was instrumental in developing successful marketing programs for McDonald's and Carnation.

In 1995, with his own successful ethnic marketing consulting firm in one hand and an offer to start his own ad agency in partnership with Ketchum Communications in the other, Morrison received a call from his longtime friend. "Don said, 'The world doesn't need another African American-owned agency; why don't we talk about getting together?'" recalls Morrison, who brought the corporate advertising vision to DCA. "The attraction for me was the opportunity to hook up with Don, who already had big clients, which meant that I could hit the ground running instead of pursuing a start-up."

The teaming of different worlds is also what bolsters DCA's most valuable resource—its creative product. Behind it is a



**W. Juan Roberts, senior vice president and director of creative services (seated at head of table), and his creative team in a progress meeting for the Domino's Pizza account**

it is going to put its product in the urban centers, it must speak to the African American audience."

Having raked in \$111 million in billings last year, the full-service advertising firm is the third largest black-owned shop in the nation, behind Chicago's Burrell Communications and UniWorld Group in New York. The agency's ability to meld innovative creative product with clever business strategy serves as a lead for the next generation of black advertising firms. For these reasons, Don Coleman Advertising has the distinction of being named the **BE Advertising Agency of the Year**.

like gangbusters, and if advertisers were smart, they would target them. But Coleman's observation and supporting research were lost on his employer. He resolved to learn as much as he could about the business, and in 1985 left for a senior manager position at Burrell.

In 1988, hungry to bring his new style of advertising to the forefront, Coleman left Burrell and launched Don Coleman & Associates. He culled some of the best and

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## B.E. ADVERTISING AGENCY OF THE YEAR

order to accommodate them," says Coleman, whose staff grew from 70 to 101 just to handle the volume of work.

### CORNERING THEIR MARKET

Ironically, DCA headquarters overlooks a branch office of BBDO, one of the world's largest general market advertising agencies. "It's a running joke around here that we look down on them," says Morrison. But there is more than a joke in that statement. Today, an increasing number of general market ad giants, such as Saatchi & Saatchi, J. Walter Thompson and BBDO, are fashioning ethnic marketing "boutique" agencies to tap the burgeoning minority markets. With an estimated \$890 million in African American advertising dollars to be had, it's no wonder that the big boys are entering the fray. "General market agencies tell their clients that they can handle the ethnic markets, but they really can't. This is what we do every day. It's our sole market," notes Coleman.

One of the best examples of DCA's acute knowledge of the African American market is its success with Chrysler—the agency's largest account. Awarded the Detroit automaker's minority account in 1994, DCA handled advertising, promotions and special events for the Neon, Cirrus, Intrepid and Jeep vehicles. The campaigns were a hit in the African American segment—in particular, Jeep. "We had to show African Americans that these cars fit their lifestyles," says Coleman of the Jeep commercial with the Barry White voice-over and the "Enigmatic Joy" print ads. "Previously, Jeep was positioned as a wilderness buster, but most African Americans live in cities of concrete and asphalt, so we had to make the car luxurious and fit those environments." The agency's work was so successful that it cornered 17.9% of the black automotive market in 1996—up from 13.8% in 1994. Proportionally, Chrysler held a higher percentage in the African American market than its 16.2% share of the total U.S. market.

Like wildfire, DCA has continued to nab Fortune 500 company accounts and churn out award-winning ads each year. "Their creative stands apart, not only from other African American agencies, but general market agencies as well," says Cheryl Bachelder, executive vice president of marketing and

product development for Domino's Pizza. As its agency of record, DCA handles \$10 million worth of business for the Ann Arbor, Michigan-based company. "With Coleman our consumer awareness has increased, and we are neck-and-neck in market share with Pizza Hut in the African American segment," adds Bachelder. Domino's undoubtedly expects to do more business with Coleman in the future, building a partnership that may mirror the one DCA has with General Mills.

In 1994, after what began as a regional

how much should be changed." In that assessment DCA was also handed the promotions business for the music festivals and UniverSoul Big Top Circus, both of which General Mills is sponsoring this summer.

Positioned so deeply within its niche, DCA does not think the grass is greener on the other side. "We are not interested in general market accounts. It would be a waste of our energy," states Coleman. "Why would I jump into that shark tank when I'm dealing with the fastest-growing ethnic segment that my general market



**Ronald Franklin, executive vice president and director of marketing operations with Rodney Price, sr. account executive (left) and Marvin Carter, media supervisor**

test campaign for Minneapolis-based General Mills' Honey Nut Cheerios and Trix cereals, Coleman was handed the African American Betty Crocker cake mix campaign as well as the print and radio campaigns for Hamburger Helper and Bisquick.

"By using DCA, we wanted to get the unique insights and tap the right emotional levels in order to connect with the African American consumer," says Autumn Boos, director of ethnic marketing at General Mills. "What works with the general market may not work as well with the African American market. We are always assessing

competition knows nothing about?"

Looking ahead, Coleman plans to keep doing what he does, only better. On the outside, discussions are in the works for possible soft drink and beer company accounts. Attracting a meat company, hotel, cruise line or computer company account is also on the DCA wish list. Internally there are machinations as well, as DCA continues to grow its talent from within. Both sides pose the tough competition and challenges Coleman has chosen to shoulder. "You don't do your best when the sea is smooth like glass; you've got to have some big breakers. Out of that volatility comes your best work." □

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B.E. 100s OVERVIEW

B.E. COMPANY OF THE YEAR

B.E. AUTO DEALER OF THE YEAR

B.E. 100s FRESHMAN CLASS

B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

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B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

**BLACK-OWNED FINANCIAL INSTITUTIONS FORGED FULL** steam ahead in 1997, in the battle-ready stance they adopted two years ago. It was then that many in the industry began deploying new tactics, blending traditional and innovative approaches to increase their asset base and enter new markets. Some acquired new branches, took to loan syndication, or put more emphasis on mortgage and small business lending. Others, meanwhile, focused on new services and products, such as check cashing, telephone banking, credit cards and mutual funds.

As the consolidation of the mega-banks continued rapidly in 1997, some black banks decided to join forces as well. The merger of Southern

## THE HEAT IS ON

Faced with competition by mega-banks, black-owned banks are fighting to retain their customers and their capital base

Bank in Lithonia, Georgia, and Citizens Trust Bank of Atlanta created the sixth largest black-owned financial institution in the country, with combined assets of \$185.4 million. The merged bank now has a higher legal lending limit due to its larger capital base, and as a result can handle larger loans.

"The strength of large multinational banks is that they can offer a variety of products and services, they have a greater number of branches and ATMs, and they have added telephone and PC banking to their networks," says Fritz Elmendorf, vice president of communications at Consumer Bankers Association in Arlington, Virginia. "Big banks have seen cost savings as a result," he adds, "but the consumer has paid the price for all this in the form of higher transaction fees."

Elmendorf says that small community banks have done a better job at personal customer service. Still, these institutions face several new challenges when it comes to maintaining a competitive edge. For starters, they must adapt their computer networks to handle the upcoming turn of the century. Meaning, when the year 2000 rolls around, a bank's computer system will have to recognize that

By Carolyn M. Brown

ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. BANKS OVERVIEW

number as the year 2000. Some computers were designed to recognize only two digits. So, if you input 98, your system will recognize it as 1998.

The problems could be considerable, say experts. "This is something that will actually impact every industry across the board," says Deborah Scott-Ensley, chairperson of the National Bankers Association, the Washington, D.C.-based trade group of minority- and women-owned banks. "It sounds very simple on the surface, but a lot of money is going to be spent reevaluating and revamping computer systems. Over the next two years, every financial institution will undergo 'Computer 2000' examination by federal banking regulators."

As black-owned banks rush to comply with federal regulations, they must also find an economically feasible way to ride the wave of technology that has ushered in banking by phone and computer, adds Scott-Ensley, who is also president and CEO of Citizens Savings Bank and Trust Co. in Nashville, Tennessee, with \$35.4 million in assets.

"At the same time, black banks have to continue to grow their branches and make sure they can provide some of the same products and services as the big banks," says Baunita Greer, president of Cromwell, Miller and Greer Inc., a New York securities brokerage firm. "There is still such a thing as economies of scale." The smallest of the black banks will have to grow to a certain size in terms of assets and capital base to open new branches and grant more loans.

Moreover, black-owned financial institutions may find themselves competing for black dollars. Majority financial institutions, with the aid of outside marketing and community development

groups, are beginning to take notice of the \$425 billion income of the African American market.

Last year, a \$50 million partnership was established between Chase Manhattan Mortgage Corp., the Los Angeles Urban League and Operation Hope, a local community-based organization dedicated to urban economic empowerment. Chase

and prospective African American customers with an annual household income of \$50,000 or above. The publication is put out by white-owned McMurtry Publishing Inc. in Phoenix, and will feature articles about prominent African American personalities and businesses in addition to customized information from various banks about their products and services.

Some 20 financial institutions have expressed an interest in the custom publishing initiative, including Bank of America and Citibank, N.A.

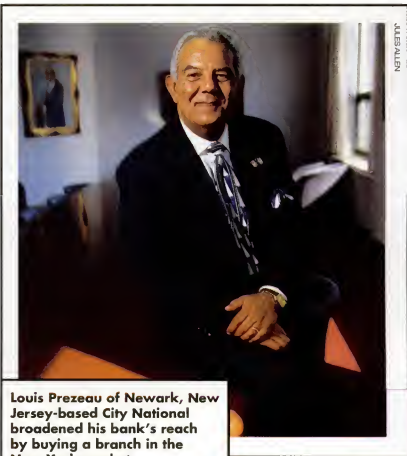
Are majority banks looking for ways to appease Community Reinvestment Act rules or do they truly see African Americans as a viable market? Whichever side you come down on, it seems there is still a need for big banks and black banks to do a better job of marketing to African Americans.

### A BANNER YEAR FOR BANKING

The list of marriages between superregional banks has been growing rapidly, with 599 commercial banks being absorbed in 1997 alone. Among the recent multi-billion-dollar mergers were First Union's \$16.6 billion deal with Core-

States, Citicorp's and Traveler's Group Inc.'s \$70 billion-plus merger, and NationsBank Corp.'s \$60 billion deal with Bank America Corp. The merger of black-owned Southern Bank and Citizens Trust Bank is a strong indication that African American financial institutions are also looking at the benefits of size.

Across the board, assets for black-owned banks in 1997 topped \$3.57 billion, up from \$3.30 billion in 1996. Total deposits in 1997 were \$2.98 billion, compared with \$2.79 billion the previous year. Total loans for 1997 equaled \$2.16 billion, from \$2.10 billion in 1996. Total capital for 1997 equaled



Louis Prezeau of Newark, New Jersey-based City National broadened his bank's reach by buying a branch in the New York market

will grant the home loans, the Urban League will supply loan candidates and Operation Hope will provide the training and education necessary to make the initiative work. The partnership is a direct result of the merger between Chase Manhattan and Chemical Bank in 1996, and a means of satisfying Community Reinvestment Act requirements.

Another sign that majority firms are taking notice is the scheduled debut this summer of *Clout*, a quarterly personal finance magazine. Designed as a direct mail campaign, *Clout* will be used by banks to reach, on a geographically exclusive basis, current

JAMES ALLEN



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## B.E. BANKS OVERVIEW

\$305 million vs. \$271 million in 1996.

Overall, commercial banks and savings institutions earned record profits in 1997, according to the Washington, D.C.-based Federal Deposit Insurance Corp. (FDIC). For all of 1997, 9,143 FDIC-insured banks posted net income of \$59.2 billion, up \$6.9 billion from 1996. The FDIC attributes increased earnings to a strong growth in commercial and construction loans and other interest-earning assets as well as increased revenues from trust business and bank fees. Profits for 1,779 insured savings institutions were \$8.8 billion, up \$1.8 billion from 1996. Bank assets increased by 9.5% (or \$436.6 billion), the largest percentage gain since 1980, totaling \$5.01 trillion in 1997.

### WHERE EVERYBODY KNOWS YOUR NAME ...

Even as merger fever continues, the financial industry is looking more and more toward indirect banking and automated services to save on costs. The move has often literally shut customers out of the bank. It's a phenomenon, however, that bodes well for smaller banks, which can boost market share through personalized service. In fact, small banks with assets under \$1 billion are growing at their fastest pace since the recession of the early 1990s, according to Kathleen Murphy, director of the American Bankers Association's Community Bankers Council in Washington, D.C.

"Many customers still like the personal touch of going in and being able to talk to the bank president or senior officers," explains Emma Chappell, president and CEO of United Bank of Philadelphia (No. 15 on the BE BANKS list), which has grown to \$108.9 million in assets, six branches and an 80% loan-to-deposit ratio. "I know

many of my customers by name, because I attend the same church that they do or their children attend school with the children of the people on my staff."

African Americans in particular like what's called relationship banking, says Sylvesta L. Jennings, chairman and CEO of First State Bank in Danville, Virginia, with \$38.3 million in assets in 1997 and loans accounting for 79% of total deposits. "Up until a year ago, you could come and see me directly to make a loan of almost any size, whether it was to buy an automobile, home or start a small business," says Jennings. "I now deal mostly with the larger loans. But my entire staff from the top down is committed to finding ways to make a loan rather than ways not to make it."



**First State Bank CEO Sylvesta Jennings focuses on "relationship banking" to increase deposits**

### LEVERAGING COMMUNITY AND CORPORATE LENDING

Over the last two years, black-owned financial institutions have shown that they're better able to aggressively market

and issue nonconforming loans (those made with special allowances) and conforming loans (those made to credit-worthy borrowers that can be purchased in the secondary market). Many of them, including federal savings banks, have benefited greatly from certification by Fannie Mae and Freddie Mac to grant loans.

The nation's largest African American-owned bank, Carver Bancorp Inc., has boosted its mortgage lending to about 55% of its total \$416 million in assets. The New York-based bank expanded its overall loan portfolio from \$240 million in 1996 to \$244.9 million in 1997. Also in 1997, Carver made several large loan purchases—about \$100 million—from institutions such as Chase Manhattan Bank and

Countrywide Home Loans. Although these purchases have made up the largest part of Carver's loan growth, the bank has become more aggressive in its origination of loans.

United Bank of Philadelphia is also increasing its mortgage lending in low- and medium-income areas through community development loans. The bank, which has been certified as a Community Development Financial Institution (CDFI) by the U.S. Treasury Department, recently financed the construction of 10 homes in an area that was once an abandoned lot. "Once the homes are built, we will provide the mortgages for the residents living in them," says Chappell. United also secured \$500,000 from the Treasury Department. The University of Pennsylvania gave the bank a matching grant to provide

training in first-time home buying, home repairs and entrepreneurship. Ultimately, United plans to provide venture capital for small business owners.

Black-owned banks are also doing a better job at increasing revenues by offering investment products. In 1996,

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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. BANKS OVERVIEW

Baltimore-based Harbor Bank of Maryland (No. 10 on the **BE BANKS** list) established a subsidiary, Harbor Financial Services, which sells stocks, bonds, mutual funds and life insurance annuities, and prepares formal financial plans for its customers.

"We have been getting a lot of inquiries this year, because Roth IRAs have captured the attention of a lot of people in the community," says Joseph Haskins Jr., Harbor president and CEO. "So, customers have been coming to us to set up different retirement accounts."

Over the last couple of years, Harbor, which has \$135.9 million in assets, has faced stiff competition from big banks moving into Baltimore and Prince George's County. But Haskins is undaunted. "If you provide quality products and service, you can compete with almost any institution. We have been very careful in defining our market."

For instance, Haskins explains, Harbor specializes in lending to those firms with \$500,000 to \$25 million in gross sales. Harbor has done its fair share of commercial and Small Business Administration-guaranteed loans, which range in size from \$100,000 to \$1.2 million. With a total loan portfolio of \$77.6 million, the bank's commercial lending increased from \$23 million in 1996 to \$26 million in 1997.

Several banks, like City National Bank of New Jersey (No. 9 on the **BE BANKS** list), are branching outside of their geographic boundaries. The Newark-based bank, with \$138.9 million in assets and a \$56.9 million loan portfolio, recently added its fifth location and gained a foothold in New York by acquiring Carver Bancorp's Roosevelt, Long Island, branch, which had \$10.3

million in assets. City National President and CEO Louis Prezeau emphasizes the need for large minority-owned banks, which must grow either by merging with other banks or by making acquisitions where possible.

"My goal is to open or acquire two branches a year. Of course, the problem is raising sufficient capital to do more acquisitions. We are looking for creative ways to raise money, including offering nonvoting stock in the bank." Later this year, City National will open a branch in Paterson, New Jersey, where a

allowing the \$104.8 billion retail giant to finance such things as expansions and store improvements.

Still, many black-owned banks argue they are better serving their customers by increasing their access to credit. "We have taken some steps to increase our market share and improve on our capital base through retained earnings," says First State's Jennings. "Even though we are a very small bank, we have managed to steadily increase our loan portfolio. Although our past-due rates are higher than most, when it comes to charge-offs,

we are the envy of the industry. We work hard to collect the loans that we make. We work with our customers to help them pay us back." By year-end, Jennings hopes to expand the bank's branch network by merging with a nearby minority-owned savings and loan, with \$8 million in total assets.

Black-owned financial institutions must continue to increase their streams of

### 1998 TOP 25 BANKS SUMMARY

| BLACK-OWNED BANKS   | 1996        | 1997        | PERCENT CHANGE |
|---------------------|-------------|-------------|----------------|
| NUMBER OF EMPLOYEES | 1,941       | 2,030       | 4.59%          |
| ASSETS*             | \$3,296,405 | \$3,572,372 | 8.37%          |
| CAPITAL*            | \$271,329   | \$304,684   | 12.29%         |
| DEPOSITS*           | \$2,794,481 | \$2,981,158 | 6.68%          |
| LOANS*              | \$2,103,249 | \$2,158,828 | 2.64%          |

\*In millions of dollars, to the nearest thousand.  
Prepared by B.E. Research. Reviewed by Mitchell & Titus LLP.

predominately Latino and African American population has a strong small business environment.

To boost their capital base, many of the minority-owned banks are intensely participating in consortiums and syndication lending, in part thanks to an initiative by the National Bankers Association. Since banks are limited to lending no more than 15% of their capital base, loan syndication plays a significant role in black banks' ability to grant large loans.

Last October, Gateway National Bank, in St. Louis, was appointed the lead loan syndicator of a consortium of 38 minority-owned banks to extend a revolving \$73 million line of credit to Wal-Mart Stores Inc., in Bentonville, Arizona,

revenues and the availability of credit to minority communities while providing a broader range of products and services. Those that acquire branches or merge with each other to develop a regional presence should fare well against the behemoths of the banking industry.

"Smaller banks can compete with the big banks. Granted, each bank will have to find its own niche and aggressively go after that niche," says Citizens' Scott Ensley. "We can't be all things to everybody. For Citizens, one of our primary focuses is granting church loans and increasing deposits among church members. There will always be a place for minority-owned institutions. We were created to serve the underserved and are committed to doing a good job in our communities." □

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(Clockwise from top left) 1993 Australian 10-dollar note, 1992 West African States 5,000-franc note, U.S. military payment certificate, 1992 Albanian 1,000-leke note, 1992 Bahamian dollar bill, Icelandic 5,000-kronur note, 1986 CFP 10,000-franc note.

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## B.E.BANKS

| THIS<br>YEAR | LAST<br>YEAR | COMPANY                                   | LOCATION                      | CHIEF<br>EXECUTIVE     | YEAR<br>STARTED | STAFF | ASSETS* | CAPITAL* | DEPOSITS* | LOANS*  |
|--------------|--------------|-------------------------------------------|-------------------------------|------------------------|-----------------|-------|---------|----------|-----------|---------|
| 1            | 1            | CARVER BANCORP INC.                       | New York,<br>New York         | Thomas L. Clark Jr.    | 1949            | 125   | 415.800 | 35.300   | 269.100   | 244.900 |
| 2            | 2            | INDEPENDENCE FEDERAL<br>SAVINGS BANK      | Washington,<br>DC             | William B. Fitzgerald  | 1968            | 71    | 269.761 | 19.281   | 204.091   | 235.247 |
| 3            | 4            | INDUSTRIAL BANK N.A.                      | Washington,<br>DC             | B. Doyle Mitchell Jr.  | 1934            | 159   | 250.501 | 20.395   | 208.780   | 172.849 |
| 4            | 5            | HIGHLAND COMMUNITY BANK                   | Chicago,<br>Illinois          | George R. Brakemond    | 1970            | 120   | 246.510 | 16.572   | 228.046   | 104.609 |
| 5            | 3            | SEAWAY NATIONAL BANK<br>OF CHICAGO        | Chicago,<br>Illinois          | Walter E. Grady        | 1965            | 260   | 246.000 | 23.000   | 212.000   | 103.000 |
| 6            | 7            | CITIZENS TRUST BANK<br>OF ATLANTA         | Atlanta,<br>Georgia           | James E. Young         | 1921            | 140   | 185.405 | 16.650   | 164.268   | 121.866 |
| 7            | 6            | FAMILY SAVINGS BANK FSB                   | Los Angeles,<br>California    | Wayne-Kent A. Bradshaw | 1948            | 69    | 174.547 | 10.724   | 132.278   | 143.497 |
| 8            | 9            | LIBERTY BANK AND TRUST CO.                | New Orleans,<br>Louisiana     | Alden J. McDonald Jr.  | 1972            | 135   | 147.651 | 10.848   | 133.974   | 93.761  |
| 9            | 8            | CITY NATIONAL BANK<br>OF NEW JERSEY       | Newark,<br>New Jersey         | Louis E. Prezeau       | 1973            | 63    | 138.868 | 10.052   | 119.717   | 56.947  |
| 10           | 10           | THE HARBOR BANK<br>OF MARYLAND            | Baltimore,<br>Maryland        | Joseph Haskins Jr.     | 1982            | 71    | 135.871 | 15.989   | 118.935   | 77.616  |
| 11           | 11           | MECHANICS & FARMERS BANK                  | Durham,<br>North Carolina     | Julia W. Taylor        | 1908            | 78    | 130.900 | 15.523   | 113.342   | 92.040  |
| 12           | 12           | BROADWAY FEDERAL BANK                     | Los Angeles,<br>California    | Paul C. Hudson         | 1947            | 51    | 125.100 | 13.400   | 109.900   | 103.689 |
| 13           | 16           | CONSOLIDATED BANK AND<br>TRUST COMPANY    | Richmond,<br>Virginia         | Vernard W. Henley      | 1903            | 95    | 110.361 | 8.970    | 99.857    | 47.952  |
| 14           | 13           | ILLINOIS SERVICE<br>FEDERAL S&L ASSOC.    | Chicago,<br>Illinois          | Thelma J. Smith        | 1934            | 45    | 109.672 | 11.186   | 88.458    | 26.190  |
| 15           | 15           | UNITED BANK OF<br>PHILADELPHIA            | Philadelphia,<br>Pennsylvania | Dr. Emma C. Chappell   | 1992            | 80    | 108.914 | 7.091    | 99.426    | 73.694  |
| 16           | 14           | FOUNDERS NATIONAL BANK<br>OF LOS ANGELES  | Los Angeles,<br>California    | Carlton J. Jenkins     | 1991            | 75    | 100.000 | 8.100    | 90.000    | 67.000  |
| 17           | 17           | FIRST INDEPENDENCE<br>NATIONAL BANK       | Detroit,<br>Michigan          | Donald Davis           | 1970            | 70    | 99.732  | 5.881    | 81.101    | 40.642  |
| 18           | 18           | TRI-STATE BANK OF MEMPHIS                 | Memphis,<br>Tennessee         | Jesse H. Turner Jr.    | 1946            | 70    | 98.168  | 11.169   | 85.944    | 47.274  |
| 19           | 19           | CITIZENS FEDERAL<br>SAVINGS BANK          | Birmingham,<br>Alabama        | Bunny Stokes Jr.       | 1957            | 33    | 94.310  | 7.802    | 85.413    | 59.596  |
| 20           | 20           | DRYADES SAVINGS BANK FSB                  | New Orleans,<br>Louisiana     | Virgil Robinson Jr.    | 1994            | 68    | 75.549  | 5.716    | 68.613    | 50.975  |
| 21           | 22           | BOSTON BANK OF COMMERCE                   | Boston,<br>Massachusetts      | Kevin Cohen            | 1982            | 27    | 74.139  | 10.246   | 56.655    | 42.003  |
| 22           | 21           | DOUGLASS NATIONAL BANK                    | Kansas City,<br>Missouri      | Ronald Wiley           | 1983            | 27    | 68.268  | 4.412    | 63.155    | 43.587  |
| 23           | 23           | MUTUAL COMMUNITY SAVINGS<br>BANK INC. SSB | Durham,<br>North Carolina     | George K. Quick        | 1921            | 28    | 59.252  | 7.834    | 50.348    | 47.722  |
| 24           | 25           | FIRST TUSKEGEE BANK                       | Tuskegee,<br>Alabama          | James W. Wright        | 1895            | 38    | 54.000  | 5.000    | 49.000    | 35.000  |
| 25           | -            | PEOPLES NATIONAL BANK<br>OF COMMERCE**    | Miami,<br>Florida             | Rachel Reeves          | 1992            | 32    | 53.093  | 3.538    | 48.757    | 27.172  |

\*In millions of dollars, to nearest thousand. Ranked by total assets as of December 31, 1997. Prepared by B.E. Research, Reviewed by Mitchell &amp; Titus, LLP.

\*\*Source: Federal Deposit Insurance Corp., Washington D.C.

B.E. 100s OVERVIEW

B.E. COMPANY OF THE YEAR

B.E. AUTO DEALER OF THE YEAR

B.E. 100s FRESHMAN CLASS

B.E. ADVERTISING AGENCIES OVERVIEW

B.E. ADVERTISING AGENCY OF THE YEAR

B.E. BANKS OVERVIEW

B.E. INSURANCE OVERVIEW

B.E. INVESTMENT BANKS OVERVIEW

B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

**THIS OCTOBER, PROMINENT AFRICAN AMERICAN** entrepreneurs, CEOs of some of the nation's largest black-owned firms and high-ranking execs from corporate America will flock to Durham, North Carolina. The reason: to celebrate North Carolina Mutual Life Insurance Co.'s 100th anniversary. In 1898, Dr. Aaron M. Moore, Durham's first black physician, and John Merrick, a former slave, founded the company. By 1939, Charles C. Spaulding, the third member of

# LIFE- SUSTAINING MEASURES

Black insurance  
companies search  
for strategies to  
halt the erosion  
of their ranks

the original management team, had built the firm into America's largest black-owned company.

But amidst the festivities for North Carolina Mutual (No. 1 on the 1998 **BE INSURANCE COMPANIES** list with assets of \$215 million), those who know the history of the nation's black insurance companies will also feel sadness. In 1975, the **BE LIFE INSURANCE COMPANIES** list had 39 firms. Now there are just 10. Plus, the

National Insurance Association (NIA), the nonprofit organization in Las Vegas representing African American-owned life insurance companies, has only 13 members total.

The NIA's diminution raises questions. What are the most prescient and forward-thinking CEOs on the **BE INSURANCE COMPANIES** list doing to ensure not only their survival, but also continued growth? What caused the NIA membership to plummet, and how many black-owned insurance companies are likely to exist in 2000, or 10 years from now?

All NIA members began as home service companies writing insurance policies to cover burial expenses. Their agents sold the policies in

By Frank McCoy

## B.E. INSURANCE OVERVIEW

people's homes and returned there to collect premiums. Many NIA firms belong to the Life Insurers Council (LIC) in Atlanta, which represents 80 firms that use the home service distribution system. The LIC says home service companies garner 14% of all U.S. premium income and sell 29% of all U.S. life insurance policies annually. These firms seek to serve the 72% of Americans making less than \$50,000 annually. A small fraction of LIC members are still either entirely or partially dependent on the sale of policies for "final expenses." In 1995, these companies collected almost \$6 billion in premiums and had life insurance in force worth \$287 billion.

It's those numbers that have attracted attention and competition. On the selling side, mainstream insurance firms want entry into the \$35-\$40 billion multicultural insurance market. So, they open offices in black areas, host insurance festivals and advertise in **BLACK**

**ENTERPRISE**. Many large firms also benefit from working with consortiums of black independent insurance agents. These urban small business owners are banding together to get better deals on policies from white-owned insurance companies.

All this attention pleases educated, middle-income African American consumers. They want more than standard whole life and term life insurance policies. Increasingly, they desire investment products that provide a return, such as annuities, which can be fixed or variable, guaranteed interest contracts and 401(k), 403(b), Keogh plans and IRAs. And the big firms are lining up to sell them these items along with policies.

The NIA knows this, and its membership is fighting back in different ways. In recent years, the three largest black-owned firms—the only ones that have assets over \$100 million—have cut expenses, re-engineered their business plans and cre-

ated new products. And the changes they've made and are continuing to make are slowly boosting each firm's premiums and profits. Their success should be instructive to other NIA companies. Of course, these black-owned firms really don't have a choice. They do business in an era of financial Darwinism. And their CEOs know if their institutions don't adapt, they'll either die or be forced to merge with black or white firms that know how to survive.

In recent years, the growth of black-owned insurance firms has been stagnant. In 1995, the top 10 firms totaled assets of \$688 million; last year, assets totaled \$689 million. In addition, the premium income (the money they make from policies) of these firms has dropped from \$161 million in 1995 to \$143 million in 1997. The value of the top-10 firms' insurance in force has also been erratic, increasing from \$18.4 billion in 1995 to \$18.7 billion in 1996, then dropping off to \$17.9 billion in 1997. Strategies used by North Carolina Mutual, Atlanta Life Insurance Co. and Golden State Mutual Life Insurance Co. may hold the keys to reversing these trends.

### RATING THE FIRMS

Two companies, Standard & Poor's and A.M. Best, (the oldest insurance rating company in the industry), rate the financial strength of insurance firms. S&P also judges how well companies will meet their insurance policyholder obligations. Higher-rated firms are seen as more likely to fulfill their obligations by paying claims.

In 1997, S&P analyzed only seven NIA companies. The ratings in S&P's "secure" range extend from "AAA" to "BBB." A "q" next to the rating shows it is based solely on quantitative analysis of financial data.

Last February, North Carolina Mutual received an "Aq," the highest rating of the NIA group. It was in the good range, but its capacity to meet obligations was deemed "somewhat susceptible to adverse economic and underwriting conditions." These may include recession or other economic changes that could decrease the sale of life insurance policies.

The secure range low rating is "BBB." Williams-Progressive Life & Accident Insurance Co. in Opelousas, Louisiana (No. 8 on the **BE INSURANCE COMPANIES** list with assets of \$8.3 million), got a "BBBq" rating. S&P says the firm has adequate financial security, but its potential to meet obligations is "susceptible to adverse economic and underwriting conditions."

The S&P's "vulnerable range" includes ratings from "BB" to "CCC." The second largest NIA company, Atlanta Life, had a



**North Carolina Mutual's Bert Collins is broadening his firm's base by using workplace sales plans**

ated new products. And the changes they've

made and are continuing to make are slowly boosting each firm's premiums and profits. Their success should be instructive to other NIA companies.

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## B.E. INSURANCE OVERVIEW

"BBq" rating. Its financial security may be adequate, but its capacity to meet long-term policy obligations was seen as "vulnerable to adverse economic and underwriting conditions."

Four other NIA companies, Golden State, Reliable Life, Universal Life and Winnfield Life, all ranked at the "Bq" level. Their potential to fulfill obligations was "particularly susceptible to adverse economic and underwriting conditions."

The "B" level is a step above "CCC," which indicates "extremely vulnerable financial security." No NIA firms were rated at this level.

### ANOTHER 100 YEARS

Bert Collins, North Carolina Mutual's president and CEO, is sure his company will succeed in its second century. Since 1996, the firm, which has offices in 11 states and the District of Columbia, has held an A.M. Best "B++" or "very good" rating. In 1998, Collins says he wants an "A."

Collins says the company's growth and good ratings have been keyed by its ability to create products attractive to the middle-income market while maintaining its home service base of selling small policies worth under \$15,000—the firm's "heart and soul."

To honor its anniversary and entice new customers, North Carolina Mutual recently created a "Centennial" universal life policy and a new whole life policy. The Centennial's attraction hinges on the fact that all life policies build cash for you after the cost of the insurance has been paid. The difference between universal and whole life policies is that the former offers yields to the purchaser on the cash-value portion—at a higher rate than on whole life policies. Collins says the Centennial has a "very attractive" 6% return, whereas most universal policies offer about 4%.

The firm is also broadening its base

through two workplace sales plans. The first sells universal life policies through a payroll deduction plan. Customers include Dudley Products, (No. 64 on the BE INDUSTRIAL/SERVICE 100 list), the city of Raleigh and several historically black colleges and universities. North Carolina Mutual is also selling a direct group insurance product that will allow an employer to pay its employees' premiums. During the next five years, Collins projects premium growth worth \$15 million

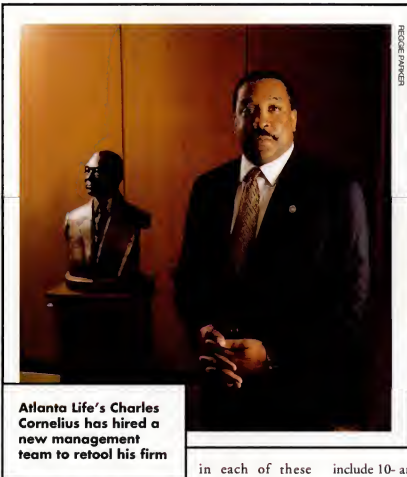
assets of \$202 million) has gone up since 1995. But the firm, which operates in 17 states and gets nearly 60% of its premiums from Georgia, Texas and Illinois, achieved these goals through subtraction, not addition. How? Since becoming Atlanta Life's president and CEO in 1996, Charles H. Cornelius has been busy. He hired a new management team, sold the firm's real estate portfolio, slashed district offices from 35 to 23, made a corresponding cut in agents and reinvented its home service area.

The payoff has been greater efficiency and reduced distribution costs, although consolidating offices reduced 1997 premiums by \$2 million. Cornelius says, "We shrunk, but we had income from operations for the first time in quite a few years. We are smaller and more profitable, and we are gearing up for growth mode in 1998."

Here's the plan. In 1998, the firm is increasing its minimum policy size from \$1,000 to \$10,000, which should be within the budget of its mostly working-class home service customers.

Plus, the company is unveiling products created specifically to attract members of the black middle-income market who earn about \$50,000 annually. These items

include 10- and 20-year term policies, an annual renewable term policy, a new annuity and an interest-sensitive whole life policy. With term policies, a customer insures his or her life for a set time and pays an annual premium based on age. The older you get, the more the policy costs. Annuities are fixed-rate investment vehicles that can provide income during retirement. The difference, says Cornelius, is that unlike its lower-priced home service products, Atlanta Life's new middle-market policies have a minimum face value of \$50,000.



Atlanta Life's Charles Cornelius has hired a new management team to retool his firm

in each of these workplace sales divisions. And, he says with a laugh, that is not the traditional way "of selling policies over the kitchen table."

### ATLANTA RISING

In 1997, Atlanta Life Insurance Co. added at least \$3 million to its capital and surplus—which is an insurance company's equity. It also had a net profit of about \$2 million. This was the first time the net income of the firm (No. 2 on the BE INSURANCE COMPANIES list with

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## B.E. INSURANCE OVERVIEW

These factors led A.M. Best to give Atlanta Life a "B" or "fair," and a positive rating. Now, the challenge will be to see if it can carve a middle-income niche, raise premiums and cut costs simultaneously.

### GOLDEN OPPORTUNITIES

Larkin Teasley knows change is risky. Since 1991, the CEO of Golden State Mutual Life Insurance Co. (No. 3 on the 1998 BE INSURANCE COMPANIES list with assets of \$102.7 million) has whittled its home service market while focusing on selling insurance to black and Hispanic middle-income households earning \$20,000-\$50,000 annually.

Golden State's results have been mixed. On the downside, in 1997, A.M. Best gave it its sixth consecutive "C+" or "marginal" rating. Also, the firm had the unfortunate distinction of suffering its seventh straight year of declining net investment income—going from \$9.7 million in 1991 to \$8.1 million. Since 1995, Golden State's premium income has been stalled at about the \$15.4 million level.

Teasley is expecting these numbers to change significantly due to Golden State's move into the Washington, D.C., and Maryland markets. Last year, the D.C. office, which specializes in sales to government employees, had the firm's highest sales in premiums. This was a coup since the office opened just last March.

Teasley is buoyant. He contends that since 1990 the company's middle-income base has grown from 20% to 60% of its business. He believes the higher wage earners he is attracting in D.C. represent the continuation of some promising trends for his firm. "We think if an employer endorses Golden State and permits the employee to pay by payroll deduction, it means there is a much better chance of the policy staying in force," he

says. "Plus, the salesperson doesn't have to try to catch the person at home or during nonworking hours."

The future of Golden State's Hispanic sales initiative is less clear. "Latinos represent an opportunity," Teasley says. "They are at the lower end of the economic spectrum just like African Americans, and the large [insurance] companies have been slow to penetrate the market because of attitudes about ethnic people and Spanish."



**Golden State Mutual Life's Larkin Teasley is focusing on the black and Hispanic middle-income market**

Golden State is taking steps to reach Latino consumers. All its phone messages are in English and Spanish. Teasley also says the verbal prompts customers use to select information about products is bilingual, and he plans to hire bilingual sales agents. Unfortunately, he adds, Hispanic policy sales are still very low, and some Golden State employees have resisted entering that market.

By contrast, there is no resistance to technology at Golden State. It is the only NIA company with an Internet home page ([www.gsmlife.com](http://www.gsmlife.com)). The two-year-old site allows customers to learn about the company and its products, and to purchase insurance.

### THE FUTURE OF THE NIA

Most of the CEOs of America's black-owned insurance companies feel uncomfortable speaking about how rapidly their industry's niche is shrinking. They are members of a small fraternity and are often friends. Consequently, they speak in generalities.

The NIA is a shadow of its former self. Over three decades ago, it had more than 40 members. Of course, there were also many more than 2,000 mainstream insurance

companies as well. Both groups have suffered attrition as customers became more savvy and demanded not only insurance, but also other financial instruments that provide them with higher interest rates of return. As investment laws changed, brokerage houses merged with insurance companies, and commercial banks began offering new consumer products. And each competitive development hit insurance companies.

Consequently, when change rippled through the insurance industry, the NIA was hit by

tidal waves. Unfortunately, says North Carolina Mutual CEO Bert Collins, that is the natural order of business, and the companies that grow stronger succeed while others fail.

Charles Cornelius, Atlanta Life's CEO, agrees. He adds that the NIA companies' greatest weakness is that "the firms are too small, while our greatest strength is that we know our marketplace and our customers know us." The reality, he continues, is that in order to grow, NIA firms must find some way to consolidate. In the past, firms such as Atlanta Life grew by taking over other NIA members. Now Cornelius says he

## B.E. INSURANCE OVERVIEW

wants to grow by selling more policies to a broader array of customers.

The contradictions are very apparent to Larkin Teasley. The Golden State Mutual CEO is also the president of the NIA. He says its membership understands lower- to lower-middle-income African Americans better than anyone else. Plus, the NIA firms have substantial financial assets. But, he admits, these assets may not be enough to save every NIA firm. Since segregation ended, the nation's demographics have changed more quickly than the NIA did. Consequently, many middle-class blacks who knew the NIA became the clients of white insurance firms. And that trend is too far out of the gate to stop.

So what happens now? Teasley, Collins and Cornelius can't say for sure, but each CEO predicts his firm will survive. They are less sanguine about the NIA's chances. While Teasley, the group's president, projects the NIA will make it to 2000, he is not sure how long it will last beyond that. Why?

## 1998 TOP 10 INSURANCE COMPANIES SUMMARY

| BLACK-OWNED<br>INSURANCE COMPANIES | 1996         | 1997         | PERCENT<br>CHANGE |
|------------------------------------|--------------|--------------|-------------------|
| NUMBER OF EMPLOYEES                | 2,217        | 1,995        | -10.01%           |
| ASSETS*                            | \$680.020    | \$688.683    | 1.27%             |
| STATUTORY RESERVES*                | \$494.293    | \$490.603    | -0.75%            |
| INSURANCE IN FORCE*                | \$18,703.293 | \$17,860.684 | -4.51%            |
| PREMIUM INCOME*                    | \$150.112    | \$143.091    | -4.68%            |
| NET INVESTMENT INCOME*             | \$41.656     | \$46.592     | 11.85%            |

\*In millions of dollars, to the nearest thousand.  
Prepared by B.E. Research. Reviewed by Mitchell & Tins L.L.P.

After a pause, Teasley says, "In my personal opinion—not that of the NIA president—I believe that in 10 years only five African American-owned insur-

ance firms will remain. The rest will have either died or been merged with other NIA members." As for the NIA itself, perhaps it will be a memory. □

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## B.E. INSURANCE COMPANIES

| THIS<br>YEAR | LAST<br>YEAR | COMPANY/LOCATION                                                         | CHIEF<br>EXECUTIVE   | YEAR<br>STARTED | STAFF | ASSETS* | STATUTORY<br>RESERVES* | INSURANCE<br>IN FORCE* | PREMIUM<br>INCOME* | NET<br>INVESTMENT<br>INCOME* |
|--------------|--------------|--------------------------------------------------------------------------|----------------------|-----------------|-------|---------|------------------------|------------------------|--------------------|------------------------------|
| 1            | 1            | NORTH CAROLINA MUTUAL LIFE<br>INSURANCE CO.<br>Durham, North Carolina    | Bert Collins         | 1898            | 468   | 215.208 | 130.685                | 9666.732               | 59.535             | 11.372                       |
| 2            | 2            | ATLANTA LIFE INSURANCE CO.<br>Atlanta, Georgia                           | Charles H. Cornelius | 1905            | 500   | 201.976 | 145.717                | 2628.728               | 32.832             | 10.874                       |
| 3            | 3            | GOLDEN STATE MUTUAL LIFE<br>INSURANCE CO.<br>Los Angeles, California     | Larkin Teasley       | 1925            | 225   | 102.699 | 81.794                 | 3396.920               | 15.426             | 8.177                        |
| 4            | 4            | UNIVERSAL LIFE INSURANCE CO.<br>Memphis, Tennessee                       | Eldredge M. Williams | 1923            | 420   | 59.503  | 51.632                 | 598.489                | 16.340             | 3.721                        |
| 5            | 5            | BOOKER T. WASHINGTON<br>INSURANCE CO.<br>Birmingham, Alabama             | Kirkwood R. Baltan   | 1923            | 100   | 58.366  | 43.197                 | 1362.999               | 10.063             | 9.778                        |
| 6            | 6            | PROTECTIVE INDUSTRIAL<br>INSURANCE CO.<br>Birmingham, Alabama            | James C. Harrison    | 1923            | 115   | 18.258  | 13.994                 | 80.630                 | 3.352              | 0.340                        |
| 7            | 7            | WINNFELD LIFE INSURANCE CO.<br>Natchitoches, Louisiana                   | Ben D. Johnson       | 1936            | 35    | 11.445  | 8.722                  | 37.956                 | 1.474              | 0.913                        |
| 8            | 8            | WILLIAMS-PROGRESSIVE<br>LIFE & ACCIDENT INS. CO.<br>Opelousas, Louisiana | Randolph J. Donatto  | 1947            | 57    | 8.270   | 6.260                  | 31.911                 | 1.304              | 0.566                        |
| 9            | 9            | GOLDEN CIRCLE LIFE INSURANCE CO.<br>Brownsville, Tennessee               | Cynthia Rawls Bond   | 1958            | 50    | 6.924   | 3.960                  | 26.466                 | 1.404              | 0.578                        |
| 10           | 10           | RELIABLE LIFE INSURANCE CO.<br>Monroe, Louisiana                         | Joseph H. Miller Jr. | 1940            | 25    | 6.034   | 4.642                  | 29.853                 | 1.363              | 0.273                        |

\*In millions of dollars, to nearest thousand. As of December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell &amp; Titus, L.L.P.

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BEYOND THE B.E. 100s

**NATHAN CHAPMAN JR. CAN'T FORGET THE BUTTERFLIES**

that took wing in his stomach the night before his firm made its debut as the nation's first publicly traded African American investment bank. "I was so excited, I couldn't sleep," Chapman recalls. So around 3 a.m. he sprang out of bed, quickly dressed, and headed for the Baltimore offices of the Chapman Co. (No. 12 on the BE INVESTMENT BANKS list).

As it turns out, Chapman wasn't the only restless one—so was his second-in-command, COO Earl Bravo. Peering through the window of his downtown residence, Bravo could see the lights shining at the company headquarters. He knew it could only be his boss.

Soon, the two men were clamoring about the office in the wee hours of

# CHANGING OF THE GUARD

Dynamic, new money  
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the morning. They made a checklist of everything that had to be done and handled last-minute details like inspecting legal paperwork and fine-tuning written instructions to the firm's stockbrokers.

By the time the market opened at 9:30 a.m., a core group of employees had joined

Chapman and Bravo around a Quotron machine. Ten minutes later, the first 100 shares of Chapman Holdings Inc. changed hands. The stock moved up 12.5 cents, and a collective cheer thundered through the office.

On that day, Feb. 27, 1998, 40-year-old Nathan Chapman realized a long-held dream: he was now chief executive of a public, black-owned brokerage firm—a feat praised by industry newcomers and veterans alike. "That was the stud move of the century for African Americans on Wall Street," says Harold E. Doley Jr., who has been in the business for 30 years. He marvels that Chapman Holdings had revenues of just over \$3 million, yet was able to command a healthy \$8 per share stock price—making the stock affordable for the average investor and giving the firm a market capitalization of \$30 million. "It's a phenomenal achievement," adds Doley, chairman of Doley

By Lynnette Khalfani

ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. INVESTMENT BANKS OVERVIEW

in New Orleans (No. 14 on the BE INVESTMENT BANKS list).

Though Chapman Holdings' status as a public entity is unique, in many ways the firm symbolizes a changing of the guard among African American investment banks as they approach the new millennium. For more than a decade, firms such as Grigsby Brandford & Co., WR Lazard & Co. and Pryor McClelland Counts & Co. (No. 13 on the BE INVESTMENT BANKS list) topped the list of black-owned investment firms. Now, with those firms either dismantled or in serious decline, a powerful new group of players is emerging. In truth, though, the current movers and shakers aren't really new to the industry. Each boasts at least a decade of experience in the investment business. And all have toiled at Wall Street's top-tier firms.

While the current crop of black investment professionals often adopt drastically different approaches to achieving success, they are all united by several factors. First, they are employing a "by any means necessary" strategy to securing the capital they'll

need. For Chapman, an initial public offering did the trick. For others, building strategic alliances with larger, majority-owned firms has worked. Another group

has opted to merge with one-time competitors to remain viable.

This new breed of investment banker is now benefiting from the inroads carved by

### 1998 TOP 15 INVESTMENT BANKS SUMMARY

| BLACK-OWNED INVESTMENT BANKS        | 1996        | 1997        | PERCENT CHANGE |
|-------------------------------------|-------------|-------------|----------------|
| NUMBER OF EMPLOYEES                 | 254*        | 311         | 22.44%         |
| TOTAL ISSUES (In Billions)          | \$57.923    | \$122.539   | 115.55%        |
| SENIOR-MANAGED ISSUES (In Millions) | \$6,881.485 | \$6,114.159 | -11.15%        |
| CO-MANAGED ISSUES (In Billions)     | \$51.042    | \$116.425   | 128.10%        |

\* Excludes WR Lazard. Prepared by B.E. Research. Reviewed by Mitchell & Titus LLP.

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black pioneers in the industry. Arguably, they are poised to learn from their forerunners' successes, as well as their mistakes.

Today's investment bankers realize that they have to specialize in a broad array of financial services. That means doing everything from trading stocks and bonds to underwriting corporate equity offerings to asset management. That's in stark contrast to their predecessors—most of whom focused primarily, if not exclusively, on public finance.

"We have definitely seen an ascension of what I call the 'New Jack' young black firms," says Tony Chapelle, publisher of *Securities Pro*, a New York-based newsletter that tracks African Americans in the investment industry. Besides Chapman & Co., that New Jack band of African American broker-dealers includes the Utendahl Capital Partners L.P. (No. 1 on the **BE INVESTMENT BANKS** list), Williams Capital Group (No. 3 on the **BE INVESTMENT BANKS** list), and Blaylock & Partners L.P. (No. 8 on the **BE INVESTMENT BANKS** list).

Despite all the changes, the repositioning of black-owned firms in the securities industry does not spell the death-knell of traditional lines of business such as municipal finance. Rather, on the cusp of the 21st century, black investment banks are aggressively expanding their products and services, and becoming more creative to survive in a fiercely competitive environment.

#### THE STATE OF THE INDUSTRY

According to the U.S. Equal Employment Opportunity Commission, the 17,462 African Americans who work in the securities industry amount to 8.4% of the 209,048 people in the business. While their presence on Wall Street remains paltry, it is increasing somewhat, according to Ernest Green, chairman of the National Association of Securities Professionals (NASP), a black trade organization.

Changes of another sort are also slowly taking place. This year, the New York Stock Exchange closed to observe Martin Luther King Jr.'s birthday for the first time. That's a marked departure from the

brief moment of silence the Big Board had used to commemorate the date in previous years.

The credit for much of the progress belongs to groups like NASP, as well as the efforts of the Rev. Jesse Jackson and his Rainbow/Push Coalition. In March, for instance, Jackson hosted a three-day conference designed to promote minorities and women on Wall Street. The high-profile gathering, attended by President Clinton, Federal Reserve Chairman Alan Greenspan and numerous Fortune 500 CEOs, turned the spotlight on the lack of diversity in the investment banking business.

The initiative was part of a larger push by Jackson to get corporate America to increase economic ties with blacks via improved hiring practices, granting spots on corporate boards and making investments in the inner cities. Today's black investment banking pros, however, will tell you that a handout is the last thing they're looking for.

"When I go into a presentation, I don't say 'Where's that set-aside?'" says James Reynolds Jr., CEO of Loop Capital



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## B.E. INVESTMENT BANKS OVERVIEW

Markets, a Chicago firm launched in September that has seen its business grow like gangbusters. On the contrary, Reynolds asserts that he has to be better than his competitors to win new business and establish credibility. "We're the new kid on the block, so we've got something to prove," he says.

In one deal in which Loop acted as sole financial adviser, the Illinois Sports Facilities Authority entered into a \$105 million forward interest-rate swap in connection with refinancing for the Chicago White Sox's new Comiskey Park. The deal amounted to a net savings of \$11.8 million. Separately, Loop has co-managed the underwriting of \$2 billion in municipal bonds, and has been a selling group member for another \$4 billion worth of muni bonds.

### MUNICIPAL BONDS AND INDUSTRY CONSOLIDATION

That Loop Capital is doing well in the muni business defies conventional wisdom. Some observers, citing the sharp decline in municipal issuances from 1994 through 1996, believe the muni industry is going the way of the dinosaur. But other experts and recent data suggest the muni bond business is in no way down for the count.

In February, for instance, municipalities issued \$22 billion in bonds to finance everything from building local schools to street improvement projects. The February figure marked the best single month ever for municipal issuances, according to Securities Data Co., a financial information services firm in Newark, New Jersey. Consider also that last year, municipal underwriting totaled \$215.1 billion. While that amount is down some 25% from the height of the muni business, 1997 still ranks as the third best year on record for municipal issuances.

Last year was surpassed only by 1993, which saw \$289.6 billion in deals, and 1992 when it hit \$231.5 billion. The volume of offerings in which minority firms were lead- or co-managing underwriters reached \$65.6 billion in 1997, compared with \$61.9 billion in 1996. The recent uptick in issuances strengthens the resolve of those involved in underwriting municipal debt.

"I'm still a big believer in munis. It's a very viable, profitable business if you can be competitive," insists Napoleon Brandford

III, chairman of Siebert, Brandford, Shank & Co. L.L.C. (No. 6 on the BE INVESTMENT BANKS list) Brandford said 90% of his business is muni; the rest is federal agencies. In September 1996, amid an



**Nathan Chapman Jr. couldn't sleep the night before his firm became the first black investment bank to go public**

investigation into the business practices of Grigsby Brandford & Co. founder Calvin Grigsby, Brandford and Suzanne Shank left the firm to form SBS. Brandford and Shank own 51% of SBS; the remaining 49% is owned by Muriel Siebert & Co. Inc.

Pointing to the collapse of Grigsby Brandford and other black-owned firms, some industry watchers say many African American investment bankers have fallen victim to run-ins with regulators, net capital problems, tougher industry conditions, and—in some instances—racism directed at successful black concerns.

In any case, Brandford doesn't have time for a pity party. "I don't view myself as a victim," he says, adding that it's a misconception in the media that African American-run firms are the primary companies that have gone out of business. "Ten years ago, some of the top firms on Wall Street were Salomon Brothers, E.F. Hutton, Drexel, Rothschild and First Boston," he notes. "Those companies are no longer in business, but nobody wants to talk about that." Though markets and firms change,

Brandford contends, "The players remain, perhaps just at different places."

### GROWTH VIA DIVERSIFICATION

Muni bonds may be the staple some players still depend on, but several investment banking shops have steered completely away from urban and suburban finance altogether. One, Utendahl Capital Partners, has made diversification into new businesses a way of life. Founded in 1992, Utendahl was the first minority-owned investment bank to specialize in taxable fixed-income securities, and has since broadened its business to include equity and convertible securities, corporate finance, mortgage and real estate finance, structured finance and financial advisory services.

The firm's money management affiliate has also experienced explosive growth. In 1995, Utendahl Capital had \$150 million in assets under management. Today, it manages more than \$700 million for blue-chip clients including Colgate-Palmolive Co., RJR Nabisco and Time Warner Inc.

President and CEO John Utendahl says his strategy is very simple. "Diversification minimizes risk. That's a very basic concept," he says. "You can't put all your eggs in one basket and expect to succeed in this industry." To further buttress the firm's success, Utendahl Capital has teamed up with America's biggest brokerage firm, Merrill Lynch & Co. Merrill was one of the original investors in Utendahl but now owns less than 20% of the company.

It's an increasingly common strategy being pursued by African American investment firms. But it's also one that's generating a lot of controversy. Benita Pierce, one of the few African American women in the business to head her own firm, B. Pierce & Co. Inc., has been approached by majority-owned institutions looking to enter into a relationship with a black-owned firm. But Pierce turned down the offers because she questions the wisdom of such arrangements. "Look, no one's going to give you millions of dollars and not have something to say."

Utendahl acknowledges that "it's very important that we show we have independence," even as he shrugs off criticism about his Merrill Lynch partnership. "Merrill Lynch is a limited partner," he notes, "and synergy is the game." Besides, "every business school teaches you that

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## B.E. INVESTMENT BANKS OVERVIEW

strategic alliances are one way to sustain and promote growth in any industry." In considering the firm's needs, "we weren't looking to reinvent the wheel," he adds.

Utendahl Capital isn't the only investment bank leveraging the deep pockets and other resources of majority-owned firms. Jefferies & Co. has a 19% equity stake in Williams Capital, and Block & Partners has ties with Bear Stearns & Co., which has an 18% ownership interest. For Blocklyck, the partnership has helped lead to some high-profile deals in the corporate bond market.

Blocklyck made history in 1996, when it became the first minority-owned firm to lead a corporate bond deal in excess of \$100 million. Blocklyck underwrote \$300 million in debt for the Tennessee Valley Authority. In 1997, the firm came back and lead-managed a \$150 million bond offering for Texaco Inc. in the wake of the oil company's settlement of a multimillion-dollar racial discrimination lawsuit.

In 1998, the Bear Stearns alliance has already helped Blocklyck get the nod to underwrite and sell to institutional investors \$800 million in corporate bonds issued by Walt Disney, Ford Motor Co. and a division of General Motors. Other minority- and women-owned firms, such as Williams Capital and Muriel Siebert & Co., also took part in these deals as part of an underwriting syndicate put together by Bear Stearns, which also profits. It earns underwriting fees from the arrangement and uses its affiliation with a minority-owned firm as a selling point with debt issuers.

### FUTURE PROSPECTS

Since margins are slimmer on municipal business, expect African American firms with a strong capital base and distribution to turn to corporate underwriting.

"The corporate market certainly represents a new frontier," says Bernard Beal, head of M.R. Beal & Co. (No. 7 on the BE INVESTMENT BANKS list) He should know. A veteran of the investment business, Beal has twice tried to penetrate the corporate arena. Though his initial efforts were unsuccessful, he vows to take another run at the business. And for Beal, persistence has typically paid off. His firm also ranked among the top contenders during the era that saw the rise of Grigsby Brandford, Pryor

McClendon, and WR Lazard. Today, however, Beal's operation is the only one of those four firms that remains largely intact. "Who would've thought that I would be the last man standing?" asks Beal.

Meanwhile, black-owned regional firms are carving out niches in specialty areas such as picking small-cap stocks, but most still concentrate on public finance. In Alabama, Harold Gilchrist, CEO of Gilchrist & Co. Inc. (No. 11 on the BE INVESTMENT



**James Reynolds, CEO of Loop Capital Markets, says his firm is not looking for set-aside business in munis**

BANKS list), says although he ventures into commercial development projects, underwriting muni bonds remains his bread-and-butter business. Gilchrist recently led the \$60 million underwriting of a major theme park called VisionLand, located outside of Birmingham.

The bonds sold to finance the park were not rated; in an unprecedented show of cooperation, 11 municipalities in Alabama agreed to guarantee the bonds. "We've had to be a little creative to exist in this market," Gilchrist says. The 300-acre amusement park is to open May 23; the park's Web site has already received 7,000 hits from Internet surfers around the world. And Alabama officials credit Gilchrist with helping to put the state on the map.

"VisionLand is going to change Alabama

to a destination point. All of this can be directly traced to Harold's firm," says Larry Langford, mayor of Fairfield. The VisionLand deal also led to a \$20 million entertainment zone project for Gilchrist.

Such projects give Nathan Chapman hope for the future. His company focuses its research efforts on "the domestic emerging market," or businesses owned by African Americans, Latinos, Asians and women. Chapman offers a universe of publicly held minority businesses in which shareholders can invest. Moreover, he has identified a large pool of privately held minority companies that he says are ripe to go public.

Chapman isn't the only person who believes the time has come for African Americans to generate and build wealth. Beal, who also co-chairs the Securities Industry Association diversity committee, says a 1997 SIA study found that the number of African American households with incomes above \$100,000 has tripled to 259,000 during the past decade. Furthermore, African Americans have over \$400 billion in income.

Backed by those figures, Chapman Holdings may represent a "pure play" on the vitality and economic prospects for African American businesses. "We could well be the catalyst to African American economic development in this country," he says.

And make no mistake, while Chapman has lofty goals for minority-owned businesses in the U.S., he has equally ambitious objectives for his own firm. In particular, he's on the prowl for suitable acquisitions. He'd like to buy other African American investment banks in a bid to build one large, full-service firm that could boast expertise in everything from money management to trading stocks and bonds to corporate finance work.

Sound like a pipe dream? Not by a long shot, says Chapelle, who has long advocated consolidation among minority-owned firms to help solve many woes created by a lack of capital. And Chapman says he's ready to put his money where his mouth is—by offering what he calls "generous compensation packages, considerable equity in the firm and management responsibility."

Says Chapman: "The challenge is, as minority professionals, can we do it? Can we come together? I believe we can." □

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## B.E. INVESTMENT BANKS

| THIS YEAR | LAST YEAR | COMPANY                              | LOCATION                   | CHIEF EXECUTIVE                            | YEAR STARTED | SENIOR-MANAGED ISSUES*<br>(Millions of dollars) | CO-MANAGED ISSUES*<br>(Billions of dollars) |
|-----------|-----------|--------------------------------------|----------------------------|--------------------------------------------|--------------|-------------------------------------------------|---------------------------------------------|
| 1         | 1         | UTENDAHL CAPITAL PARTNERS L.P.       | New York, New York         | John O. Utendahl                           | 1992         | 2,100.000                                       | 4.600                                       |
| 2         | 5         | JACKSON SECURITIES INC.              | Atlanta, Georgia           | Maynard H. Jackson                         | 1987         | 1,100.000                                       | 5.000                                       |
| 3         | 11        | THE WILLIAMS CAPITAL GROUP L.P.      | New York, New York         | Christopher J. Williams                    | 1994         | 755.000                                         | 0.304                                       |
| 4         | —         | FIRST COMMONWEALTH SECURITIES CORP.  | New Orleans, Louisiana     | Norbert A. Simmons                         | 1987         | 650.000                                         | 0.450                                       |
| 5         | 4         | APEX SECURITIES INC.                 | Houston, Texas             | Rodney Ellis                               | 1987         | 507.750                                         | 4.255                                       |
| 6         | —         | SIEBERT BRANDFORD SHANK & CO. L.L.C. | San Francisco, California  | Napoleon Brandford III<br>Suzanne F. Shank | 1996         | 345.040                                         | 16.900                                      |
| 7         | 3         | M. R. BEAL & CO.                     | New York, New York         | Bernard B. Beal                            | 1988         | 150.000                                         | 26.150                                      |
| 8         | 6         | BLAYLOCK & PARTNERS L.P.             | New York, New York         | Ronald E. Blaylock                         | 1994         | 150.000                                         | 11.282                                      |
| 9         | 9         | SBK-BROOKS INVESTMENT CORP.          | Cleveland, Ohio            | Eric L. Small                              | 1993         | 115.000                                         | 2.666                                       |
| 10        | 10        | POWELL CAPITAL MARKETS INC.          | Roseland, New Jersey       | Arthur F. Powell                           | 1990         | 82.659                                          | 2.892                                       |
| 11        | —         | GILCHRIST & CO. INC.                 | Birmingham, Alabama        | Harold Gilchrist                           | 1983         | 72.000                                          | 0.555                                       |
| 12        | 13        | THE CHAPMAN CO.                      | Baltimore, Maryland        | Nothan A. Chopmon Jr.                      | 1986         | 50.000                                          | 2.700                                       |
| 13        | 7         | PRYOR McCLENDON COUNTS & CO. INC.    | Philadelphia, Pennsylvania | Malcolm D. Pryor                           | 1981         | 36.710                                          | 33.766                                      |
| 14        | 15        | DOLEY SECURITIES INC.                | New Orleans, Louisiana     | Harold E. Doley Jr.                        | 1973         | **                                              | 3.505                                       |
| 15        | 2         | RIDEAU LYONS & CO.                   | Los Angeles, California    | Lamar A. Lyons                             | 1986         | **                                              | 1.400                                       |

\*This is for all issues including, but not limited to, municipal, agency, corporate and mortgage-backed securities for the year ending December 31, 1997. \*\* These investment banks did not participate as senior managers for municipal, agency, corporate or mortgage-backed securities for the year ending December 31, 1997. Prepared by B.E. Research. Reviewed by Mitchell & Titus, L.L.P.



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NINETEEN 98

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B.E. 100s OVERVIEW

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B.E. FINANCIAL COMPANY OF THE YEAR

B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

## SCORING IN THE

The sun is shining on Ronald E. Blaylock and his firm, Blaylock & Partners, as they stake big claims on Wall Street

Blaylock

Marjorie Whigham-Desii

**RONALD E. BLAYLOCK IS IN THE** zone. Much like his play with the Georgetown Hoyas in the NCAA Final Four in 1982, Blaylock has the hot hand and he's taking his shot and scoring big time. First, there was his \$300 million bond deal for the Tennessee Valley Authority (TVA) in 1996. His firm, Blaylock & Partners L.P. (B&P), played lead manager on the first corporate bond sale to be completely underwritten by minority firms. But, the coup de maître came in January 1997 when B&P became the first minority-owned firm to serve as lead underwriter on a deal for a Fortune 500 company. It took \$150 million in

firms: "There are just too many players," said Tony Chapelle, publisher of *Securities Pro*, a New York-based industry newsletter, in a 1996 *New York Times* article on the struggle many are facing. "The municipal business has undergone changes, and there's the need for a lot of these firms to consolidate or find new lines of business."

While some question the "need" for black firms, several—mostly the young, newer firms—have steered themselves away from the muni market and toward corporate business. To that end, B&P has focused itself on diversification via primary offerings, whether for private companies or government, and financial advisory work in six to seven sectors, all the while looking at business that's consumer-driven. And B&P is on a tear.

The firm has grown from seven employees and \$3.38 billion in total issues when it started in 1994 to 42 traders, analysts and staff with \$14.4 billion in

senior and co-managed issues at year-end 1997. The firm is in acquisition mode. If its early success is any measure of future performance, B&P is well poised for significant growth and opportunity. It's those kinds of impressive numbers and bold business moves that have earned B&P the distinction of being the **BLACK ENTERPRISE** Financial Company of the Year.

#### MAKING THE MOST OF AN OPPORTUNITY

As a kid growing up in Winston-Salem, North Carolina, Ron Blaylock learned the value of preparing for opportunities. "Basketball was my thing," he recalls. "It was fun, competitive and I enjoyed winning." Blaylock says he realized during his junior year of high school when he became a "scorer" that basketball might earn him an opportunity—a scholarship to college. "You only get scholarships for offense," he explains.

His offensive maneuvers landed him in Coach John Thompson's program at Georgetown University in Washington,

D.C., in 1978. But, when a broken ankle in his freshman year kept him sidelined, Blaylock learned to channel his energies toward the team's effort. That early setback helped him to continue to work hard and follow his game plan, "so that when the opportunity does arise, I'm ready to capitalize on it," he explains. It's a lesson he's carried forth ever since.

His sense of a team mission manifested itself recently, when Blaylock convinced Milton M. Irvin to leave his very cozy, secure 18-year tenure as managing director at Salomon Brothers to join him as president and COO of B&P. "Deep down inside, I always wanted to have a significant role at a minority-owned firm; it was only a question of when," says Irvin, who once had a 25% equity stake in WR Lazard, the onetime powerhouse black investment bank on the Street. It took nearly a year of coaxing for the right time to come, but "I was patient because I knew it was the right choice."

He also made good choices in college after realizing he probably wasn't going to make it to the NBA. He decided to double major in marketing and finance.

During the summer between his junior and senior years at Georgetown, Blaylock met his next major opportunity—an internship on the trading floor at A.G. Becker, a major investment bank in New York City. "It was competitive; it was winning. It fit my personality and I got the confirmation that I needed with the energy of Wall Street and trading," he adds.

Blaylock graduated with offers from companies as diverse as International Paper, Procter & Gamble and JP Morgan. But he accepted an offer from Citicorp Investment Bank to go into their capital markets training program. He and another Georgetown alum were the only new hires with bachelor's degrees; the other 22 were M.B.A.s.

After a four-year stint, Blaylock left Citicorp for PaineWebber in 1986, where he became a senior manager and its top salesman specializing in collateralized mortgage obligations with a penchant for energy firms and related companies.

In 1992, Blaylock left PaineWebber to help start black-owned investment bank Utendahl Capital Partners L.P. "When I

## BIG LEAGUE

guaranteed notes to market for oil company giant Texaco.

That was followed by three more utility deals as co-manager, first for New Jersey-based Public Service Electric and Gas (PSE&G), then Pacific Gas and Electric Co., and finally, Southern California Edison Co., which all took place between June and December 1997. So far in 1998, Blaylock has scored three more corporate underwritings—beginning in January with a \$200 million bond deal for The Walt Disney Co., and following in February with back-to-back deals co-managing a \$300 million debenture for Ford Motor Co. and another \$300 million for GMAC Financial Services.

All this activity has taken place over the past two years when black-owned investment banks have been taking it on the chin on Wall Street. Whether due to rumbling profits, tumultuous relationships or thinning margins on once-profitable municipal bond business, black investment banks—especially veteran firms—are scrambling to rebound their businesses. Some industry analysts question the need for black-owned

went in to resign, it took me a week," says Blaylock. Chairman and CEO Don Marron and President Paul Gunther of Paine-Webber both offered to put up the capital for Blaylock to start his own firm; he declined, instead taking a 25% stake in Utendahl. "They knew I was on the entrepreneurial route, but I'd given my word to this new venture," Blaylock says he told Marron and Gunther that if he ever did decide to go out on his own, he'd "give them the first shot at it."

Eighteen months later, in 1994, Blaylock left Utendahl because of a "philosophical difference" in focus and approach to the

Cayne and Chairman Alan "Ace" Greenberg.

A week later, Blaylock had the go-ahead from the investment bank for a limited equity partnership stake in the firm.

Reportedly, the terms were \$10 million in capital for a 25% stake; Bear Stearns would also do the clearing of trades for the start-up. "We invested in the man," says Cayne. "His demeanor and knowledge of the marketplace had him perfectly positioned to take advantage of certain sectors. He was a salesman who'd already made his mark."

The capital-based partnerships that large

Irvin, "Sumitomo [Bank of Japan] owns 12.5% of Goldman, and no one asks them if they're running their firm."

Both B&P and Bear Stearns confirm that the investment is a passive one. "It's like us owning stock in any other company," says Fares Noujaim, co-head of capital markets at Bear Stearns.

In a business where capital—or access to it—determines whether you can compete for a deal, B&P says it'll probably always need a capital partner. However, the firm has been buying down Bear Stearns' interest. At the end of 1997, it was 22%; by April 1998, it was down to 17%. "If I'm sitting across the table from the treasurer of Wal-Mart and they want to do a \$500 million tenure, knowing I can say yes gives a tremendous amount of flexibility," adds David E. Ourlicht, managing director of capital markets.

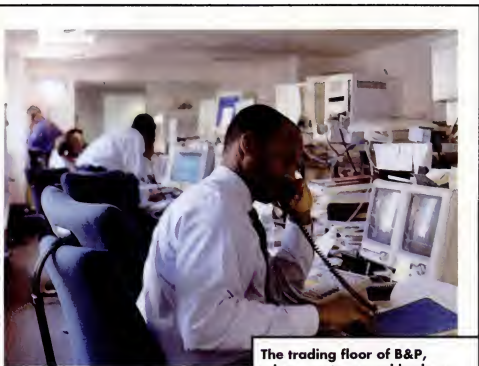
## MAKING THE BIG PLAY

The deal that garnered B&P all its fame was the first corporate bond offering by an African American-owned firm for a Fortune 500 company. But the deal that put the firm into position was a \$300 million offering for the TVA. In August 1996, the firm served as the lead manager on the bond deal underwritten exclusively by black-owned firms. The deal was planned as a \$200 million sale of notes rated "Aaa" by Moody's. B&P, along with co-managers Dole Securities Inc., Grigsby Brandford & Co., Pryor McClendon Counts & Co. and WR Lazard, had orders that exceeded the amount of bonds available. As a result, the Southern utility boosted the sale by another \$100 million.

"Part of our measure of the success of the transaction was the underwriters' ability to deliver new investors," said TVA CFO David Smith. According to all parties, 70% of the bond buyers were first-time purchasers of the utility's securities.

That's a testament echoed by all the other companies that have done deals with B&P. "We looked at the TVA deal in particular and talked with their treasurer," explains James F. Link, treasurer of Texaco. "It was his view that they delivered a high quality of service, and we found that to be exactly the point."

The deal couldn't have come at a better time. Texaco had just gotten into some very



**The trading floor of B&P, where partners and brokers monitor the latest information on the markets, and make the calls that bring in the next deal**

business. But before going back to PaineWebber, he made a call to Bear Stearns.

## THE BEST DEFENSE IS A GOOD OFFENSE

It was a tactic Blaylock had honed while playing ball. "I thought, OK, who'd be a good potential capital partner? Bear Stearns is a very entrepreneurial firm; they have that culture and quickness in their decision making. I decided to run it by them," Blaylock explains. He called on Jimmy Sites, Bear Stearns' head of fixed income, who brought it to President and CEO James "Jimmy"

firms have in black banks, like Bear Stearns in B&P or Merrill Lynch's stake in Utendahl, have been called into question by other black-owned investment banks. But Blaylock has no qualms about a white-owned firm having an equity stake.

"This is a capital-intensive business, period. If you're going to offer quality service—the full range to corporate America—and compete against the Goldman Sachs of the world, you've got to have access to capital," states Blaylock. Quips

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## B.E. FINANCIAL COMPANY OF THE YEAR

hot water with off-color remarks by its former treasurer, Robert W. Ulrich, and settled a multimillion-dollar racial discrimination suit filed by several black employees. There was pressure from the Rev. Jesse Jackson, and New York State Treasurer H. Carl McCall threatened to sell the state's major pension fund stake in the oil giant if the company didn't do something quickly. Texaco's new chairman, Peter I. Bijur, promised very publicly to increase its use of minority vendors.

The energy and utility businesses are two sectors of the firm's focus—and Ron Blaylock's specialty. His 16-year investment banking experience has been on asset allocation swaps, structuring bond portfolios, and trading asset-backed securities along with residential and commercial real estate mortgage investment conduits (REMICs).

Blaylock approached both the TVA and Texaco because "they [utilities] have large minority consumer bases. And, from a good business perspective, we thought they'd be receptive." However, he says both deals sprang from relationships his firm had been working on for a long time, and not a coincidence of transgression in the case of the latter.

B&C had targeted the TVA for a year and a half, demonstrating its abilities through small deals via participation in syndicates and sharing ideas. "This has been a particularly sacred area reserved for the Goldman Sachs, Merrill Lynch and Morgan Stanleys of the world," adds Blaylock.

As for Texaco, Link says B&C initiated the contact, attributing it to the firm's research, which revealed that the oil company had \$500 million in debt maturing in 1997. "They presented us with their credentials and their ideas relative to the market. We were looking for the right time to offer a 10-year security."

The deal went "extraordinarily well," according to Link, who says other investment banks Texaco uses called while the

transaction was in progress to get in on the action. They commented on how it was properly priced. "We announced it in the morning, and we closed it shortly after lunch. That's about the time you would anticipate for a transaction that's \$150-\$300 million," Link explains.

While analysts say it's pretty hard to mess up a Fortune 500 company deal, it is possible to misprice the interest rate. When going to market, the underwriter wants the bonds to be priced within a certain range. A strong demand for an offering helps to lower the interest rate, making the cost of the deal to

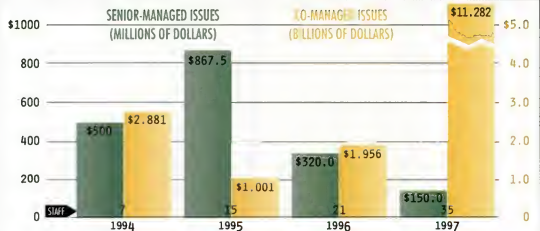
on the deal. "For Disney, he brought total diversity. At the end of the day, he'd out-sold us. You're talking about a guy that's at the top of his game and clearly has a place on the Street."

Now, make no mistake, Blaylock or any other investment banking firm is not in the business for notoriety; it's all about the money that can be made—buying, selling or advising companies, institutional investors and individuals on securities transactions. While the financial market is among the most heavily monitored and regulated, it is also among the most lucra-

### BLAYLOCK & PARTNERS L.P. NEW YORK

YEAR FOUNDED: 1994

CHIEF EXECUTIVE: RONALD E. BLAYLOCK



Source: B.E. Research, 1998

the company lower. Factored into the equation must be an accurate assessment of the company by the broker/dealer, and a base of clients that can afford to buy the securities.

It's an area that B&C seems to be hitting just right. "We didn't want to have a firm that would be overwhelmed by a company like Bear Stearns," says Paul Saleh, senior vice president and treasurer for Walt Disney. "What was really important to us was that they would be able to place the bonds and not come along for the ride. We were very, very pleased," he says of B&C's performance as joint lead manager (along with Williams Capital Management) on a \$200 million bond deal of medium-term notes completed in January.

According to Cayne, B&C outsold them

ive. Fees can range from 1%-2% of a bond offering amount to the underwriter, to 4%-5% to take a company public. The investment bank makes its money on the amount of the offering it decides to take. For example, as the lead agency on a \$300 million bond deal, that firm would get to sell 50% of the offering, yielding it anywhere from \$3 to \$4.5 million in fees. It's why large investment banks have historically kept the business to themselves.

William H. Hayden, senior managing director for Bear Stearns' public finance department, sees a correlation in the new opportunities for corporate and asset-backed deals for minority-owned firms with the municipal area. "The growth in corporate business mirrors the rise of minorities

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## B.E. FINANCIAL COMPANY OF THE YEAR

and women in the corporate area. The CFO of Disney is black; clearly there's a receptive ear. There had to be that comfort level there, and as the [minority-owned] firms become more capable, there will be plenty of business to access," says Hayden.

### DIVERSIFICATION OF PRODUCT

If B&P is scoring in the big leagues, its chairman attributes the firm's success to the team of investment pros he assembled. Blaylock's firm is recognized as having very well-trained minority Wall Street investment bankers among its ranks. The strategy is to add team members who bring significant expertise in areas the firm is pursuing.

Ourlicht, B&P's managing director of capital markets, was formerly a vice president at Dillon, Read & Co. He started in the business as an investment banker for Daniels & Bell (now Charles A. Bell), the oldest black-owned firm on the Street. Nathaniel Christian joined the firm (shortly after Milton Irvin) as executive vice president and chief administrative officer.

B&P has also managed to lure three key people in capital markets from Pryor McClelland Counts & Co., another black-owned investment bank, including veteran banker Charles W. Johnson, now managing director of B&P's Baltimore shop. The firm has also established a regional base in Atlanta.

The strategy has also propelled Blaylock to cast his net out to other firms and corporations for black and white talent, including Morgan V. Hunter, the former president and COO for Scott Paper Co. and R.J. Reynolds Tobacco Co. as vice chairman of the board. L. William Maier, a Paine Webber and Bear Stearns alum, was tapped to become senior managing director in fixed-income sales at B&P.

Blaylock, who earned his M.B.A. in finance from New York University, is quick to point to four Morehouse grads and a fellow Georgetown alum among his partners, along with B&P's share of Harvard and Wharton M.B.A.s. He's also quick to note that the firm will have two summer interns from "the House."

"Our depth of management clearly separates us from the pack," says Blaylock. "Minority- and women-owned businesses have traditionally done investment banking for municipalities. What has evolved over

the past few years is taking that step to corporate America, and our firm has the talent to take that step," he adds.

It's the money shot the firm plans to stay with. "We want to be an example that a minority- or woman-owned firm can really provide superior quality financial services to corporate America," says Irvin. "What separates our ability to do deals now is our ability to move the product. So not only are we giving good advice, we're also moving the product. That gives a treasurer or CFO

gon Commercial Mortgage Inc. Its expansion areas include deals like Disney, Avis Rent-A-Car Inc., Polo Ralph Lauren Corp. and Royal Caribbean Cruises Ltd.

However, the firm keeps its focus on a few key areas. Primarily, those offerings have been for energy, utility and telecommunications companies, along with various government agencies, including the Department of Veterans Affairs.

With a gleam in his eye, Blaylock points to a new tombstone for an 8 million share



**In a great acquisition, Blaylock managed to lure investment banker powerhouse Milton M. Irvin from Salomon Brothers to be president and COO**

of a major company comfort that we can do business," he adds.

Blaylock says the strategic vision was to start with core expertise in commercial real estate and mortgage- and asset-backed securities, then build off those cores with product extensions that are within the firm's ability to master. "We don't want to be vulnerable to any one product sector," he adds.

Besides the recent \$300 million asset-backed deal for the General Motors Acceptance Corp. (GMAC), B&P has done a \$765 million deal for MBNA America Bank National Association (Maryland Bank)—one of the largest credit card issuers in the country—and a \$146.9 million collateralized mortgage obligation (CMO) for Ore-

noncumulative preferred stock deal for Federal Home Loan Mortgage Corp. (Freddie Mac), done this past March. On it, B&P was listed as an equal co-manager along with Bear Stearns, Goldman Sachs, Lehman Brothers, J.P. Morgan, Morgan Stanley Dean Witter and Salomon Smith Barney. Merrill Lynch played lead.

"This job shows the new paradigm and business frontier that we're in. It's distribution and intellectual capital; that's the essence of what we're doing—the large deal," says Blaylock. "When you have 15-20 of these, and other minority- and women-owned firms are doing it, then that's when we will have made it."

—Additional reporting  
by Lynnette Khalfani

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Lasandra "Sandi" Thomas is a woman whose career and community have really come together. She's the point-person for MSBET, Microsoft's joint venture with Black Entertainment Television. For Sandi, MSBET is more than a site to hear about the latest cuts and releases, it's a place where, "African Americans have a home on the Internet and a platform to facilitate building a community." With Microsoft's support, Sandi's looking to give MSBET exclusive on-line coverage of the 32nd NAACP Image Awards. What's next? Sandi wants to do a similar job of bringing technology to the Hispanic and Asian communities. The beat goes on.

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B.E. BOARD OF ECONOMISTS REPORT

BEYOND THE B.E. 100s

AS THE YEAR 2000 BECKONS, FEW COULD ARGUE WITH the impressive strides black-owned businesses have made over the last several decades. It wasn't so long ago that **BLACK ENTERPRISE** first began taking the pulse and charting the growth of the nation's largest black-owned companies. That 1973 listing generated combined sales of less than a half-billion dollars. Little more than a

# COUNTDOWN TO THE 21<sup>st</sup> CENTURY

How can black  
companies thrive in  
the new millennium?  
Our economists offer  
**10** imperatives CEOs  
must embrace *now*

quarter-century later, the size, scope and diversity of black-owned concerns have never been more impressive. Combined sales of the companies tracked in our **BE 100s** report eclipse \$14 billion.

So why worry? With success comes the threat of complacency. And

as the new millennium bears down on us all, black business owners can least afford to become lax in their continued efforts at growth and expansion.

With that in mind, **BE** Publisher Earl G. Graves convened 1998's first biannual meeting of the **BE** Board of Economists at the New York offices of Earl G. Graves Ltd. Present at the meeting were Thomas D. Boston, an economics professor at Atlanta's Georgia Institute of Technology; David H. Swinton, president of Benedict College in Columbia, South Carolina; Margaret C. Simms, vice president for research at the Joint Center for Political and Economic Studies in Washington, D.C.; Andrew F. Brimmer, president of Washington, D.C.-based Brimmer & Co.; Marcus Alexis, a professor of economics

By Eric L. Smith & Paula M. White



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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. BOARD OF ECONOMISTS REPORT

and management strategy at Northwestern University in Evanston, Illinois; and Cecilia A. Conrad, an economics professor at Claremont, California's Pomona College. Also invited to make a special presentation to the board was Aida Alvarez, head of the U.S. Small Business Administration.

The task set before the board: to clearly define the imperatives that CEOs must embrace to transform their businesses into the BE 100s companies of the new millennium.

### 10 THINK GLOBALLY.

Opportunities—and competition—are no longer only on the next block or in the next town. Thanks to advances in communications technology and methods of distribution, you can find new business in, or lose old customers to, markets on the other side of the world. Even so-called mom-and-pop businesses had better be attentive.

"The U.S. economy is becoming more open and competitive," observes Cecilia Conrad. "Advancements in communications and information technologies make it possible for a company in small town USA to service customers all over the world. African countries such as Uganda have experienced rapid economic growth and should continue to do so. Clinton's proposal for NAFTA-type trade agreements with countries in Africa and the Caribbean should create new opportunities for entrepreneurs."

Adds David Swinton: "Black businesses must realize that the world is evolving and that global opportunities are going to be growing rapidly. It will be necessary for businesses to be able to tie into global labor pools, markets and capital sources. There are going to be opportunities to find financing in the

global market. And we have to be aware of that if we're going to be a part of it in the 21st century."

Marcus Alexis says global opportunities are no longer restricted to Fortune 500 conglomerates. "There are lots of firms—small firms—that are doing things for which there is a market overseas," he asserts. "And it doesn't have to be large or exotic. Perhaps they make an ingredient or extract that can be used in a product outside the U.S. You can make money and your product can still be very basic."

"From my viewpoint," Brimmer asserts, "increased employment of blacks by black-owned businesses is a by-product of the engagement of business. You should be in business for profits, not for social development. When it gets to the point where the best opportunity for you is another business, don't be so possessive of the one you now control. Think about getting rid of it and moving on to something else."

Alexis believes that mindset has taken hold among the new wave of black business leaders. "The current generation of black M.B.A. students has very different attitudes about business, financing and joint ventures," he observes. "None of those things scare them. They understand that this is the way you put your bricks together to get where you're going. And, you have to have an exit strategy. If you start a business, that doesn't mean you're going to die as the head of that business. The point is to make your wealth and move on."

Boston agrees. "As I talk to young blacks who are coming out of business schools now, they have adopted the Malcolm X phrase 'By any means necessary,'" he observes. "They say they want to grow any way they can grow. It doesn't matter whether it's debt or equity or through venture capital. To me, that really represents the future."

**8 INVEST IN HUMAN RESOURCES.** Whoever has the best trained, most prepared labor pool wins. In an economy where workers are more important as thinkers and decision-makers who can work as a team than as individual performers rewarded for physical labor alone, companies cannot afford to skimp on recruiting and developing the best tal-



**BEBE members (back row): Thomas Boston, Andrew Brimmer, Marcus Alexis, Earl G. Graves; (front row): Cecilia Conrad, SBA Administrator Aida Alvarez and Margaret Simms (not pictured: David Swinton)**

**9 FOCUS ON THE PROFIT MOTIVE.** For black businesses to grow and make a significant impact, black CEOs must recognize that their primary objective is to be profitable, say the board members, and not necessarily to act as instruments of social development for African Americans. The social benefits of black business growth—jobs, economic development, political empowerment—are natural by-products of growing large, successful companies.

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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. BOARD OF ECONOMISTS REPORT

ent available at all levels of their operations. Developing a strong management team, as well as a regularly updated succession plan to keep the company growing through multiple generations of ownership, is critical to the growth and stability of black business.

"Prepare the next generation of workers and business leaders," says Simms. "In order to be competitive, you need good employees who know how to adapt and who will help find those new ideas."

**7** **ADOPT AN ACQUISITIVE MENTALITY.** "Our people must think more in terms of acquisition," Swinton asserts. "This is a way to acquire expertise, market share and other value without starting from scratch and going through elaborate learning curves."

Growth through acquisition is a strategy that W. Don Cornwell of Granite Broadcasting knows by heart. Over the last two years, the BE 100's CEO has blazed a trail acquiring new stations and breaking into new markets. Cornwell's publicly traded company, Granite Broadcasting (NASDAQ: GBTV), recently purchased Detroit and Bay Area WB Network-affiliated television stations. (Granite sold two of its Michigan-based television stations for \$170 million to Freedom Communications Inc., a diversified media company, to help pay for the acquisitions.)

As Don Cornwell says: "The acquisition significantly changes the face of Granite and immediately increases the value and growth potential of our station group. We have increased the size of the advertising revenue pool available to our stations to more than \$1.5 billion annually."

**6** **GET BIGGER.** There will always be a place in America for the small business entrepreneur, who has spent most of the past decade creating the businesses that have driven job growth for this nation. However, as BET Holdings CEO Robert Johnson has been preaching since before he took his company public in 1991, rapid wealth accumulation—

industry, a multinational company has threatened the existence of small, family-owned businesses. Too often, entrepreneurs value independence over growth, and wait too long to recognize the importance of scale economies."

"Consolidation—'beefing up' through mergers, acquisitions and partnering to achieve effective market size—is a strategy being pursued by majority-owned firms in financial services, transportation, utilities, communications (including print and electronic media), computer services and the pharmaceutical industry," says Northwestern University's Alexis.

Partnering has never been more crucial, say the Board of Economists members. Joining with larger majority companies often gives minority firms quick access to added capital and resources. But the CEOs of black firms must first lay egos aside and decide what's in the best interests of their concerns.

"We have a number of black automobile parts manufacturers, several of which are doing well over \$100 million in annual revenues," says Alexis. "If some of them got together and became a billion-dollar auto parts manu-

facturer, you might have a much different kind of presence in the industry. The question is whether you can get these people with different aspirations together. You've got a group of people in their 40s who've gone to very good schools and have M.B.As. If you've got six people like this, all of whom want to be the CEO, how do you deal with that?"

"Black businesses are clearly at a crossroads. It comes down to the notion of being in business for profit versus some symbolism of saying 'I own 100% of this



**W. Don Cornwell's vision of growing Granite Broadcasting is expansion through acquisition**

and the economic power and political influence it brings—comes only with size. That means creating more black-owned multibillion-dollar companies that can compete in a marketplace of merger-spawned behemoths like Citigroup and Disney/Cap Cities.

"Although in some businesses, technological change has decreased the most efficient size of operation, economies of scale in marketing, distribution and purchasing power make it difficult for a small business to remain competitive in many markets," Conrad asserts. "Even in the funeral home

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**CHICAGO, IL** – The Windy City has been a driving destination for African Americans ever since blacks first migrated from the deep South to seek their Northern fortunes. Chicago continues to attract the black sojourner with its annual festivals, parades, and museums. Within Chicago's diverse communities, one is sure to find something to please. Stop by Harpo Studios or the DuSable Museum. Be sure you cruise down Chicago's famed Magnificent Mile. And don't forget to have a slice of some deep-dish pizza while you're there.

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**MIAMI, FL** – One of America's most international cities, Greater Miami offers Drive Happy travelers numerous exotic cuisines, festivals, fun nightlife, fabulous beaches, and a rich history of the African diaspora. Overtown, Coconut Grove, and Little Haiti are just a few of the vibrant communities that continue to weave a unique tapestry of black struggle, achievement, and pursuit of the American Dream.

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**CHARLESTON, SC** – Known as the African American "Ellis Island" of the South, slaves brought from Africa first walked on American shores at Charleston. Today, Charleston is an archive of that early history including such sights as the Old Slave Market and Boone Hall Plantation. Charleston remains a place to contemplate black history over a steaming bowl of she-crab soup with benne seed cookies served on a placemat woven from sweet sea grasses.

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business, and I'm the chairman and CEO.' Does black business mean I have to own 100%? Or does it mean that I do what Bob Johnson has done and form alliances with larger corporations where I may not own 100%, but I can use those alliances to create a larger business, to put more people to work and to own a significant business that actually creates wealth and jobs. I think that's what black businesses have to consider into the next century."

"What happens," says Conrad, "is that some people who become entrepreneurs do so because they want to be independent. But then they don't recognize that sometimes you have to give up a little independence in order to grow."

However, says Swinton, it is important to recognize the value of companies that are truly black-owned and to be careful about the potential dilution of black ownership. "African Americans own less than anybody else in this country by far," he asserts. "I don't know that we should discourage people from wanting to own and maintain some kind of identity as an owner."

"But," Brimmer counters, "it is highly desirable for black-owned firms to look for opportunities in trying to develop relations with major firms where they can get some business."

One example of a minority firm doing just that is Active Transportation, a returnee to this year's BE 100s. Active's CEO Charlie Johnson, recently signed a \$315 million deal with the Ford Motor Co. to haul their new cars from the assembly plants to dealerships across the country.

Johnson's affiliation with Ford isn't a

new one. The partnership began in 1984, when Ford was looking to revitalize its minority supplier development program and Johnson's firm, then a fledgling concern named Johnson-Houston Trucking, had two Ford trucks and employed two drivers. The \$15 million company was primarily hauling truck parts for Ford, beer for Anheuser-Busch

heavy equipment hauler in Kenosha, Wisconsin. They merged to form a third company, Active Transportation. The relationship was formed so Johnson would own 60% of the new business and Jupiter Transportation would have 40% equity. In that time, says Jensen, the company grew from about \$25 million in revenues to \$80 million. When one of

the owners of Jupiter died, Johnson bought out the other nonminority partner for \$100 million and the firm became completely minority owned. Over the course of the last four years, Johnson has had a lucrative and thriving relationship with Ford, which culminated in March 1998 with the announcement of the multimillion-dollar deal.

"Active Transportation was formed to meet a need because there were no minorities taking advantage of any purchases out of the \$3 billion new car and truck hauling industry," says Johnson. He says the relationship with Ford helped the auto dealer at a time when it was looking to expand its base of business with minority vendors—and helped Active become one of the largest black-owned concerns in the nation.



**Charlie Johnson of Active Transportation latched onto working with Ford Motor Co. as a way to make his own company grow**

and stoves for General Electric.

"At the time there were no minorities in 'out haul,' where you transport the new vehicle to the dealer," says Ray Jensen, director of minority supplier development for Ford. Jensen says, with hauling rigs that average \$100,000 a piece, few minority firms had the support mechanisms to fully exploit the industry. But Johnson had his eyes on bigger and more lucrative business. In 1994 Johnson, with backing from Ford, hit a home run by putting together a joint venture with Jupiter Transportation Systems Inc., a \$250 million truck and

**5 GET BETTER.** Black businesses must be committed to ascertaining "best practices" for running their businesses and then exceeding those benchmarks in order to eclipse the competition. This also means investing in the industry-appropriate technologies, including networked computers and the Internet, necessary to stay ahead of the curve in the global marketplace.

"Black businesses must adopt a total quality management policy," says Alexis, in all areas of their company, including production, distribution,

## B.E. BOARD OF ECONOMISTS REPORT

customer services and human resource management."

Swinton agrees: "Black businesses must try to produce at lower cost and higher quality while maintaining excellent customer service. Black-owned businesses cannot rely on racial loyalty or affirmative action to insure their survival."

### 4 SEEK EQUITY FINANCING, NOT JUST DEBT.

A major key to the acceleration of black business growth, particularly during the past decade, has been the progress made in gaining access to equity financing, whether via public offerings, private placements or venture capital. Traditionally, black businesses had been limited to debt financing, often requiring them to deal with banks with discriminatory lending policies. It is critical that black businesses continue to pursue equity financing, reducing their reliance on debt.

"I think this is the new frontier," says Thomas Boston. "The kind of growth achieved by black companies [during the past decade] is beyond anything that could have been achieved earlier because now we're talking about growth through equity. Just selling equity in a company really represents a new horizon."

"Most black-owned firms will have to rely on and get debt going into the future, rather than equity," Brimmer asserts. "But black-owned businesses will have to have more external capital. And given the risk they face, they will need more equity capital."

One way to make more capital available, says Alexis, would be to "extend Community Reinvestment Act criteria to all financial institutions—insurance companies, securities firms, small business investment companies, investment banks, asset managers, pension funds, as well as commercial banks. This could create access to greater pools of capital, both equity and debt, for black businesses."

This is a particularly intriguing idea, in light of the wave of mergers between commercial banks and other financial services companies (such as the Citicorp/Traveler's merger announced in April).



Aida Alvarez

### FOCUS: THE SBA

*Administrator Aida Alvarez is President Clinton's advocate for small business*

As part of our Board of Economists meeting targeting objectives for black business for the next millennium, BLACK ENTERPRISE editors and economists sat down with Aida Alvarez, administrator of the U.S. Small Business Administration. Alvarez, a former government financial regulator, investment banker and journalist, is the first Hispanic woman to hold a presidential cabinet position. As SBA administrator, she oversees the SBA's 8(a) minority federal procurement program and directs the agency, which spends about \$11 billion a year in support of the nation's small businesses.

**BE:** How will the new changes and regulations that will affect eligibility to the SBA's 8(a) program affect black-owned businesses? Will this mean there are fewer contracts available for blacks, which might instead go to white female-owned businesses?

**ALVAREZ:** I can tell you that there are a lot of disgruntled women owners who say Clinton has issued an executive order where he set a 5% goal for women in the procurement area and to date we haven't made it up to 2%. I think we need bigger goals. I don't want to see minority businesses pitted against women-owned businesses because of the suggestion that there is not enough out there. My view is we're moving into the 21st century and there will be no single minority in this country. And if we continue to think like a minority, which somehow makes us marginal, then we're putting ourselves into a box.

**BE:** What should minority businesses expect from the SBA?

**ALVAREZ:** I think that there are many firms out there that think they should be getting more business development support every step of the way from us—more coaching and more counseling, if you will, I agree with them. What I said when I took over the SBA is that if I were on 8(a) company, I would have the same expectations I had when I went to college, which is that I would be assigned a counselor. That counselor would talk to me about my business objectives, help me develop a curriculum that would be suitable to my goals and connect with the right courses and professors for me to succeed. But that is not happening in a sufficiently systematic way to suit me. Right now, if there are businesses that are very aggressive and sophisticated to begin with, they're likely to be the ones to reap the benefits [of working with the SBA].

**BE:** What role will the SBA play in minority business development as we go forward?

**ALVAREZ:** The role of the SBA is to look to the future and ensure that, if we have a good economy now, a lot of the strength of the economy is a result of the activity by small business. We want to look at the minority and diversity element and capture all that energy and talent and make it productive into the 21st century.

**3 EXPLOIT THE COMPETITIVE ADVANTAGES OF THE INNER CITY.** This is just one of the ways to play to a natural strength of most black businesses, says Cecilia Conrad.

"Black-owned businesses are more like-

ly to hire black workers and more likely to target low-income neighborhoods for recruiting workers," she explains. "Their knowledge and experience in recruiting and training these workers can give these

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# ARCHITECTS OF THE NEXT MILLENNIUM

## B.E. BOARD OF ECONOMISTS REPORT

businesses a competitive advantage during periods of labor shortages. Black-owned businesses should continue to cultivate and develop this labor force and perhaps market this expertise to others."

**2 FIND STRENGTH IN THE NEW MAJORITY.** Simms envisions the creation of "economic rainbow coalitions," driven by strategic alliances between businesses owned by African Americans and companies owned by members of other ethnic minority groups.

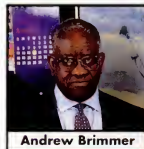
"The 21st century will bring a new majority, where African Americans, Hispanics and Asians could jointly wield political and economic power," Simms explains. "Think of alliances across these groups and look for ways to tap other ethnic markets, especially in the states with large minority populations."

An early example of this is the New York-based **BE 100s** firm Essence Communications Inc. and its foray into the Hispanic marketplace with *Latina*, a magazine aimed at Hispanic women. ECI hopes to duplicate its 28-year record as the established leader in publishing and ancillary services to black women, led by its flagship property, *Essence* magazine.

**1 GET OUTSIDE THE BOX—AND STAY THERE.** Think of all the products and services we take for granted that weren't even on the screen at the beginning of the century—or even this decade. Personal computers, the Internet, fax machines, international overnight delivery, cellular phones, electronic papers—in a virtual blink of an eye, these innovations have created massive wealth for the individuals and companies that brought them to market. In an age of rapid change, it will no longer be enough to ride the latest wave; the objective must be to get credit for generating it.

"There's a difference between planning strategically and tactically," Swinton observes. "Tactical planning is focusing on what's out there now. Strategic planning is about what's likely to be and thinking in longer terms. And that really depends on us. Africa is going to change and there will be opportunities. We have

to think about how to develop these opportunities. African Americans must reach beyond their level of sophistication and development and



Andrew Brimmer

### ECONOMIC OUTLOOK

*Brimmer predicts growth in black income and employment—but large gaps remain*

The vigorous growth of the U. S. economy in 1997 brought moderate improvements in the employment and income of black Americans, says economist Andrew Brimmer. A former member of the Federal Reserve Board who recently stepped down from the post of chairman of the D.C. Financial Responsibility and Management Assistance Authority, Brimmer predicts further gains throughout the year. However, the jobs and income deficits that blacks experience will remain wide.

Brimmer says there was an overage of 15.5 million blacks in the civilian labor force in 1997, making up 11.4% of the total. Blacks held 14 million jobs, accounting for 10.8% of total employment. "Yet, if blacks enjoyed job parity, where our total employment equaled our share of the civilian labor force, we would have held 14.7 million jobs," he explains.

In 1998, Brimmer forecasts that the number of blacks in the civilian labor force will rise to 15.8 million, with black employment rising to 14.3 million jobs, representing 10.9% of the total employed—leaving the gap in job parity virtually unchanged at just over 5%.

Brimmer confirms that, last year, the total money income of black Americans did indeed break the \$400 billion mark, rising to an estimated \$428.3 billion. That progress is expected to continue this year, as Brimmer projects total money income for blacks to rise to \$459 billion. However, if the African American share of total money income was proportional to their share of the population, says Brimmer, "parity income for blacks would amount to \$611.1 billion. So the income deficit may amount to \$152 billion."

resources. Otherwise we'll always be in the same place we're in now."

"Emerging markets must be a focus as opposed to cultivating existing markets," says Brimmer. "My basic theme is that new entrepreneurs and new black-owned businesses should abandon [marketing exclusively to] the black community. The black consumer market is likely to be extremely competitive and those competing for that business will be the major firms operating in the country as a whole. Newcomers ought to focus on markets with the greatest growth potential. That means the business service market as

opposed to the production of goods, and the private sector as opposed to the government sector."

"Back in the 1950s, if people had talked about the kinds of black-owned

businesses that exist now," Simms observes, "I'm sure you would have seen some skepticism because no one would have thought what we have now was achievable within the realm of their lifetime. That's what we need black businesses to do now. Push the envelope and think about what the further possibilities might be. It's a stretch, but all the progress that's been made today has been about stretching."

"The growth areas of the future may not be the growth areas of the present or the past," says Simms. "Be alert to innovations in production or service delivery, as well as new product ideas." □



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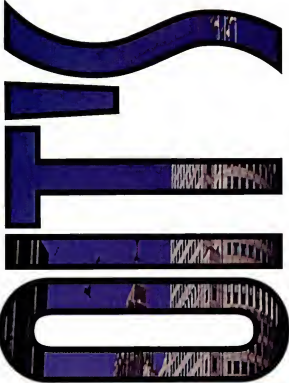
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## CITY PROFILE

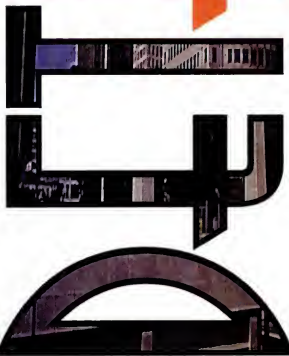


A newly revitalized Detroit rises, phoenix-like, from the ashes of urban decay



An economic  
rebirth spawned  
by a new  
administration  
is bringing both  
people and business  
back into the city

# RENAISSANCE



**LEAVING THE SUN AND MOUNTAINS OF THE** picturesque Southwest behind him two and a half years ago, 27-year-old Derrick Martin headed to the cold and not-so-scenic northern city of Detroit. Aesthetically, many might find Martin's move perplexing. But to the young Arizona native with a degree in communications, Detroit was the land of opportunity. It was General Motors' former subsidiary, EDS, and the promise of engineering training that drew Martin to the Motor City.

"The southwestern area of the country didn't give me the opportunity that I needed to make the money I wanted to make," claims Martin. "But in Detroit, with the 'Big Three' automakers, the doors were wide open to get into engineering." Even with the chance to develop new skills and increase his salary, Martin was initially hesitant to make the move to Detroit because of all the negative things he'd heard about it.

Now, with two and a half years under his belt as a Detroiter, Martin is pleased with his decision and would encourage others to consider making the same move. "You see more professional blacks here," he adds, "and that gives a strong support base, broad networking avenues and refreshing social opportunities."

By Paula Farmer

## CITY PROFILE

During the '70s and '80s, success stories like Martin's would not have been told; it was a different time for Detroit, one of overwhelming challenges. Heavily dependent on the auto industry for its bread and butter, the city was hit hard when domestic auto manufacturing took a turn for the worse. Crime rose, and businesses and residents were fleeing the city for safer ground in the suburbs. Besides that, the city once known as the home of the soulful, sentimental sounds of Motown was now better known for its infamous "devil's night" fires.

Fast-forward to the late '90s—a new era with new ideas for a new Detroit has many referring to it as the "come-back city." For the last several years, the auto industry has been strong and healthy, churning out hefty profits—which translate into more jobs and business opportunities. The combination of generous federal grants and large urban development projects is drawing businesses and residents back inside the city's borders. And, the isolation between Detroit and its suburbs is slowly giving way to shared interests and oneness among communities.

There's no greater demonstration of this new spirit of camaraderie than the community's united effort to take the devil out of the pre-Halloween fires that had plagued Detroit for decades. Thousands of residents from the metro area joined forces with city residents to patrol the streets, making the arsonous eve a thing of the past. Besides making the streets safer and turning around the city's negative image, area residents frequent the sports and ever-expanding entertainment venues downtown, while city dwellers

take advantage of some of the finest retail shopping at upscale suburban shopping malls in Oakland County, one of the richest counties in the nation.

Detroit is fast becoming a city to be reckoned with. And, while much of its plan still remains on paper, its mayor, Dennis Archer, has set his sights on creating a renaissance that will restore

ness community have accomplished. "It's easy to recognize that the vision of Detroit becoming a world-class city is quickly becoming a reality," says Archer. "The commitment of city government, residents, businesses and corporations to building a new Detroit has created new hope and opportunities throughout the city. While there is



Dennis Archer, mayor of Detroit, celebrates along with constituents at the opening of the new Museum of African American History in 1996

Detroit to its former glory moving into the 21st century.

### **BUILDING A NEW LANDSCAPE**


Since 1994, the city's development successes have captured local and national attention. Detroit ranked No. 1 in a 1997 *Industry Week* magazine listing of world-class communities, based on its manufacturing vitality. And, Mayor Archer, a two-time president of the National Conference of Democratic Mayors, was cited by *Newsweek* as one of 25 U.S. mayors to watch.

Archer can't help but be proud of what his administration and a dedicated busi-

ness community have accomplished. "It's easy to recognize that the vision of Detroit becoming a world-class city is quickly becoming a reality," says Archer. "The commitment of city government, residents, businesses and corporations to building a new Detroit has created new hope and opportunities throughout the city. While there is

more work to be done, the tremendous accomplishments demonstrate that we are well on our way."

Capitalizing on the new emphasis on federal domestic policies launched by the Clinton administration, Archer ignited a spirit of collaboration among Detroit's heavy-hitting business sector, snagging a coveted \$100 million Empowerment Zone grant. In fact, the city's success in attracting industrial development to the Empowerment Zone leads the nation, with more than \$3.9 billion committed in private dollars for investment. Even small businesses such as private retail, restaurant franchises and drugstore chains, along-side corporate giants like the auto industry, have added another



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## CITY PROFILE

\$2.9 billion to the coffers since 1994.

Detroit-based political analyst Mario Morrow says the winds of change are blowing through the city. "The doors have opened, the money is beginning to flow in and progress is beginning to be made, thanks to city officials, the business community and many people behind the scenes."

Building a new city for the new century is no small task. But garnering support from businesses, residents and federal funding has proven easier than streamlining the city's bureaucracy. Archer's administration has been successful in revamping government to overcome its bureaucratic red tape. Now business permits get processed in about half the time taken previously. And Archer continues to investigate ways to reduce the income and corporate tax rate. The goal is to make living in and doing business in Detroit easier.

**BE 100s** auto dealer Nathan Conyers, of

Conyers Riverside Ford, is familiar with doing business in Detroit. Since 1970, Conyers and his family have stuck with the city through good and bad times, refusing to flee the inner city as others have done. "In the late '60s [after the riots], there were businesses leaving Detroit in droves. We said to ourselves, 'If we go into business, we want to be in business in Detroit,'" recalls Conyers. "The city was experiencing some pretty tough times then, and there were fewer and fewer dealerships in central city. We came into business to provide economic opportunity for ourselves and others here in the city."

After experiencing financial rough spots through 28 years of business, Conyers' dedication to his family business and Detroit is paying off. The oldest African American car dealership in the country is consistently turning a profit and serves as a training center for young would-be dealership owners.

With his network of eight dealerships throughout metro Detroit grossing more than \$500 million annually, **BE 100s** CEO Mel Farr, of the Mel Farr Automotive Group, knows the unique challenges for African Americans looking to do business in Detroit. He believes that with certain elements in place, it can be a great place to see business ideas take off. "To succeed on any level will take the realization and education that a good living can be made through entrepreneurship," says Farr. But he cautions that having a reasonable business idea is often not enough. "Following desire and expertise is locating funding."

### BREAKING THROUGH BARRIERS

Breaking into the white male-dominated auto industry was a challenge and triumph for persistent African American men like Conyers and Farr. But how much more so for an African American woman like Geraldine Dodd, CEO of the

Thomas Madison Co. This **BE 100s** firm has steel service centers and stamping plants in Detroit and Mansfield, Ohio, and is a successful—and profitable—supplier to auto manufacturers. Dodd acquired the stamping company in 1990 when it was floundering and on the brink of failure. In just seven short years, its assets have tripled and Dodd modestly claims sales of \$100 million for 1997.

Dodd loves the industry, which she has been in for some 20 years. And, she loves doing business in Detroit. "The economics of the city may be dominated by whites, but the politics of the city are black, and that can offer a unique sense of support," she says. "I feel there's room for improvement. People tend to lose focus on the need to share economic wealth, but there are great

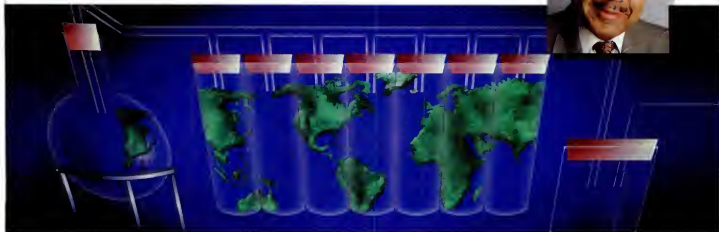


MONICA MORGAN

**BE 100s** auto dealer Mel Farr believes in Detroit and its economic opportunities for African American businesses

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- Tavis Smiley, BET talk show host, author
- William Kennard, Chairman, Federal Communications Commission (invited)
- Dr. Julia Hare, author, "How to Find and Keep a BMW" (invited)

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## CITY PROFILE

opportunities here and I couldn't imagine being any place else."

Small business development is critical to Detroit's economic growth. The Detroit Regional Chamber of Commerce and the Detroit Economic Growth Corp. (DEGC) offer assistance to start-up firms. The chamber is responsible for attracting business to the region. "As we uncover individuals and prospects that either have an interest in the city or in matching up well with property that may be available, we bring them into the Detroit Economic Growth Corp. and work to make that dream a reality," says Dick Blouse Jr., president and CEO of the chamber.

Ginwil Inc., a wholesale distributor of medical and surgical supplies, is one such example of a company benefiting from DEGC's assistance. In 1996, DEGC extended a \$25,000 loan to the growing supply company for equipment, furniture and working capital. Originally scheduled to be paid off in six years, the loan was paid in full within a year thanks to the improving economic climate in the area. "None of that would have been possible without the fiscal trust and financial investment the DEGC and its affiliates had made in the company's business vision," says Ginwil President and COO William E. Thompson.

David L. Littman, senior vice president and chief economist for Comerica Bank, says, "In terms of business activity, things seem to have stabilized over the last three years and have begun a slow comeback, especially when you look at the valuation of property and tax returns." To make this determination, Comerica uses a "comeback index" that consists of 23 variables including neighborhood property values, income tax and the number of permits issued for business and residential development. According to Littman, all signs point to an economic upswing: "We've turned the corner; the numbers are now moving higher."

The dependency index is another indicator of a city's well-being. This index



reveals the percentage of the employed population that is on welfare and the total percentage of unemployment in the city. And that ratio is down. In fact, from 1993 to 1997, the unemployment rate has dropped by half, going from 13.6% to 7.8%. The average household income for Detroit has grown by 3%, from \$34,710 in 1995 to \$35,748 in 1996. The city ranks 11th in income for the nation.

Tyrone Miller, director of Detroit's Board of Zoning Appeals, offers the recent surge in business and home building requests as evidence of the improved development climate in the city. "We're really getting a lot of activity in the area of new single-family housing in existing neighborhoods," says Miller. "The combination of community organization and a private developer will bring 60 new homes, while the overall housing values in Detroit have increased by 30%."

Market indicators suggest that Detroit is entering a period of potentially explosive growth. Within the greater downtown area, there are several million sq. ft. of office space, 15,000 housing units and an array of new retail and tourist facilities. A large part of the transformation is due to

the highly anticipated creation of two new sports stadiums, three casinos and new hotels and entertainment centers.

Ground has been broken for the building of a new home for the Detroit Tigers baseball team and a new dome stadium for the return of the Lions football team, who've spent the past 28 years at the Silverdome in suburban Pontiac. The stadium projects represent a \$505 million investment; the city will contribute \$85 million, with the rest of the financing coming from private investors.

Not too far from the stadium area is the riverfront site for three gambling casinos and hotels to be undertaken by two gaming heavyweights, MGM Grand Hotel and Artwater Circus Circus. The third casino bid was awarded to the local partnership of Greektown and the Chippewa Indian tribe. The development and operation of the casinos and the stadiums are expected to bring millions—if not billions—to the city in taxes, create thousands of jobs and ignite tourism.

Despite the seemingly bright picture, the projects and Mayor Archer have drawn criticism from some who worry whether the black community—which makes up 76% of the city's population—will reap any benefits. One outspoken



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## CITY PROFILE

critic has been Detroit businessman and BE 100s CEO Don H. Barden of the Barden Companies Inc., whose bid to build one of the casinos was rejected by the Archer administration. Barden firmly believes that for at least one of the casinos not to be black-owned sets the community back. "Rarely in our history have we as a race been given the opportunity to determine significant participation in an industry," he asserts. "For us not to take advantage of that is outrageous."

With most of the white community's support and the necessary backing of the Detroit Metro AFL/CIO unions, the Archer administration defends its choices for casino contracts. Citing Barden's financial commitments as falling short of the contract criteria, officials believe the trickle-down effect would have ended up translating into few jobs for minorities.

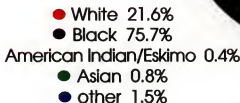
"The important thing is that we ensure as many African Americans benefit from this venture as possible," says the mayor's press secretary, Greg Bowens. "Those assurances are in the development agreements because they spell out how much we want, in terms of African American-owned businesses, to get from the casinos and stadiums."

The supplier base has to have at least 30% African American participation. Additionally, the unions have pledged training and apprenticeships to fill the demand for skilled labor throughout development. The administration believes these assurances will allow the money to be spread around rather than creating a black ownership symbol in one person.

BE 100s CEO Bill Pickard, Ph.D., owner of Regal Plastics in Roseville, Michigan, is one of two general partners in the MGM Grand Hotel's casino development project. He supports the mayor's selection and will help to make sure that there is black participation. "I will advise and assist MGM in fulfilling the mayor's and city council's mandate on Detroit jobs, black contracting as well as participation in all facets of the management and ownership of the casino development project," he says.

The casinos notwithstanding, Detroit resident and radio news anchor Michael Barr, wife Candace and their seven-year-

## DETROIT POPULATION BY RACE



Source: Michigan Employment Security Commission

old son, Mike Jr., believe Detroit is the place to be. "The casinos' coming to Detroit is important, but that's just one cog in the machinery," Barr notes. "If there was never any talk of casinos, Detroit would still thrive—you've got the new stadiums coming, a thriving entertainment and cultural district, and city services have improved."

Financially, the two-income Barr family has no complaints, noting that the cost of living in Detroit is very affordable in comparison to other major urban areas they once considered moving to. The Barrs say their three-bedroom bi-level house, located in a middle-income neighborhood on the city's east side, has doubled in value since it was purchased eight years ago.

Likewise, native Detroiter Irving Weaver, his wife Grisel and their daughters Melissa, nine, and Nicole, four, benefited from the city's rising property values when they were forced to relocate to Clarkston, Michigan. When GM moved a portion of its operations north, Weaver and family followed. Not only did the couple cash in on the sale of their Detroit home, which had nearly doubled in value, but Grisel, who had previously worked for Ford Motor Co., got hired on with GM as a joint and fastener test coordinator contracted through its Modern Engineering division.

As a transplanted New Yorker, Grisel views Detroit as "the smallest big city" in the world because everyone seems to be able to quickly identify people through family names and high school affiliations. She also continues to be amazed at how affordable it is to live in Detroit and the surrounding areas. "Our home is huge, with some land, which we bought for \$250,000. In New York a home like this would be so expensive and unattainable for most."

The jobs and money created by the Big Three automakers is unparalleled. GM's recent purchase of the Renaissance Center, located along the Detroit River, is expected to increase the number of employees downtown, raise tax revenues and stimulate the addition of more retail shops and restaurants. Chrysler has invested about \$5 billion in Detroit since 1992, with \$900 million of that in a state-of-the-art engine plant it built last year. Chrysler, the third-largest domestic automobile company, has also chosen to build its latest hot new car, the Prowler, in the Motor City. In all, Chrysler has 11,000 employees in the city, including some of the highest-paid production workers in the country.

Chrysler Vice President of Government Affairs Frank Fountain says the company is committed to the economic growth of Detroit and the inclusion of African

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Americans in its workforce. "We believe we're helping the mayor and others who are working hard to revitalize the city," he says. "As a company of 125,000 employees, about 27% of our total are minorities, and a significant amount make up management personnel."

Beyond jobs, the automaker gives generous support to the Detroit community through donations to the school district and flourishing cultural center. "The philanthropic arm of the company contributes substantially to the arts, including hefty ongoing donations to the newly built Museum of African American History, the Detroit Institute of Arts and the Detroit Symphony Orchestra."

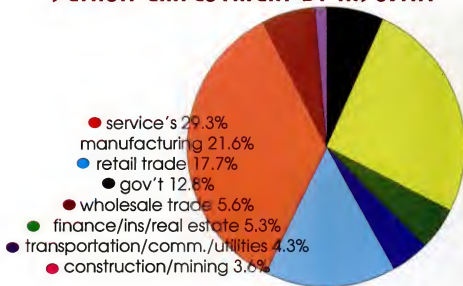
Not to be outdone, Ford has contracts with approximately 20 African American suppliers in the Detroit area and recently opened up the Detroit-based UAW/Ford Training Center.

### BRIDGING THE GAP

Beyond city development and job opportunities lies the center of concern for most residents—quality of life. Without question, two areas that impact the quality of life in any city are crime and education. Over the years, Detroit has been brutalized in both local and national press for falling short. Now there's evidence to suggest Detroit is taking control of its situation, cleaning house and reversing its tarnished image.

New Detroit Inc. is a 30-year-old agency devoted to positive race relations through academic achievement and economic equity. The agency monitors the progress of the nation's seventh-largest public school district. After the results are tallied, it publishes an annual report card. Project Director Robert Brown explains the results of the agency's latest Detroit Public Schools report: "In reviewing the last 15 report cards, it's obvious things are improving in terms of test scores. The district is still behind state averages, in some cases nationally, but the gap is closing somewhat." Brown admits that the task before the school board is daunting considering that the district has 180,000 students and an average classroom size of 32 students. The neediness of the students is a concern as well—two-thirds come from families that live at or below poverty level.

## DETROIT EMPLOYMENT BY INDUSTRY



Source: Michigan Employment Security Commission

Located in the heart of the medical district near downtown, the Detroit Children's Center is a private, nonprofit organization that has been in existence since 1929 to meet the expanding and rapidly changing needs of Detroit children and their families. Grenae Dudley, deputy director of programs, says the center's commitment to the community is strong. "We've had a lot of opportunities to move outside of the city, but this is our home. We have recently strengthened our commitment to the community by building a \$7 million building, and we are continuing to do capital renovations in the area to establish our programs."

The center provides over 20 programs ranging from an incarcerated pregnant women's group to general foster care. "We have mental health services in two schools," says Dudley, "and our Detroit Abstinence Partnership is in 20 schools promoting the importance of sexual, tobacco and drug abstinence for students nine- to 14-years-old. Agencies like the Children's Center and New Detroit contribute to the improvement of school districts."

The 4,100 officer Detroit Police Department also boasts great strides in crime reduction. In the last four years, there has been a significant decrease in all major crime areas including the number

of youth homicides, which dropped by half. Through a newly organized carjacking task force, carjackings have decreased by half in the last four years as well.

Part of the credit for crime reduction is due to the leadership of the department's chief, Isaiah McKinnon, Ph.D., one of the few African American top cops in the nation. During McKinnon's tenure several task forces have been developed and 380 additional police have been put back on the streets to combat crime.

McKinnon believes the Detroit Police Department ranks with the best in the nation. "The higher echelon of the DPD are the most integrated, educated and trained in the country," McKinnon declares. The department has put heavy emphasis on community policing, and officers can frequently be seen patrolling on foot, bike or horseback and maintaining a presence in and around schools.

After decades of economic decline and urban flight, the city of Detroit is being renewed with a contagious spirit of enthusiasm. With political leadership and aggressive development under way, it's in a unique position to offer business opportunities to its residents and those considering a change. As a result, metro Detroit is on its way to earning world-class status and serving as a hotbed of opportunities for African Americans. □

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OPIC is announcing that it expects to support one or more private equity funds with aggregate capital of up to \$500 million to be invested in privately sponsored infrastructure projects in the countries of sub-Saharan Africa. A portion of the fund's total capital must be unguaranteed private equity, with the remainder loaned to the fund as senior secured indebtedness guaranteed by OPIC. The primary purpose of any such fund will be to achieve long-term capital appreciation through investments in infrastructure projects in sub-Saharan Africa. Such investments will provide capital for project development, business expansion, restructurings and privatizations.

The fund will also seek to provide support to woman entrepreneurs and to innovative investments that expand opportunities for women and maximize employment opportunities for poor people.

The fund will be privately owned and privately managed. OPIC is seeking proposals from qualified prospective fund managers. The proposed fund manager must demonstrate experience and success on at least the following four criteria: private equity management; capital raising capability; a broad infrastructure investment record; and sub-Saharan Africa experience. The ratio of OPIC-guaranteed debt to the fund's equity will also be an important selection criterion.

To obtain a Summary Description for the proposed Africa Infrastructure Fund, an OPIC Investment Funds Program Description, and a Fund Questionnaire, please visit OPIC's web site at [www.opic.gov](http://www.opic.gov) or call OPIC's Faxline at 202/336-8700 and request document number 9904. To have these materials mailed to you, please write to the Overseas Private Investment Corporation, Investment Funds Department, 1100 New York Avenue, N.W., Washington, D.C. 20527. All proposals must be submitted to OPIC by June 30, 1998.

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# Don't Let the Bull Market Pass You By

One survey suggests that black investment in the stock market is lagging. Is a wealth-building opportunity being missed?



## AS THE DOW JONES INDUSTRIAL AVERAGE CONTINUES

breaking barriers on its way to the 10,000 mark, there may be growing interest in breaking down the obstacles that have kept African Americans from becoming more active in the stock market. Although the market's phenomenal bull run over the last four years has helped create many millionaires, it appears African Americans are taking less advantage of the market's wealth-building potential than their white counterparts. When the Dow reaches 10,000, will African Americans be as enthusiastic and economically enriched by the event as whites?

A recent survey commissioned by Ariel Mutual Funds (312-726-0140) and Charles Schwab & Co. (800-435-4000) identifies the differences between black and white investors, as well as the factors that will encourage blacks to invest more. The survey of 500 blacks and 732 whites, with household incomes of at least \$50,000, reveals a range of attitudes and other factors about how African Americans view investing and the financial services industry. Some key findings from the survey are:

- As investors, 63% of African Americans describe themselves as conservative, compared to 53% of whites.
- The majority (57%) of African Americans have money in the stock market, with 43% saying that stocks or bonds are the best investment overall. Real estate was judged the best investment by 46% of African Americans.
- More than one-third of African Americans (38%) say their lack of knowledge about investing is a major reason they do not save or invest more; 20% reported that not being able to trust the advice of investment advisors was also a major reason.
- Most blacks said they are more likely to invest with a company that is racially diverse (58%) or with an investment firm or mutual fund

By Matthew S. Scott

owned or managed by African Americans (57%).

Officials at both Ariel and Schwab believe the survey findings make a case for reaching out to the African American community with more information about investing. "The most important thing that the survey revealed was that black Americans are just as bullish as white Americans," says Melody Hobson, Ariel senior vice president, director of marketing. "We can take that bullish attitude and turn the underinvestment by blacks into a real opportunity."

Carla Arnold, vice president of branch marketing for Charles Schwab, agrees. "This is an opportunity for the entire industry. As African Americans become more interested in investing, we will benefit, our competition will benefit and the African Americans who participate in all this wealth-building will benefit."

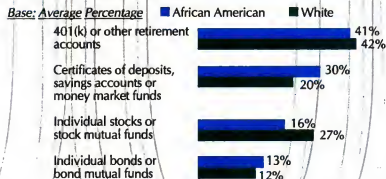
As a first step in reaching out to and educating African Americans about investing, Ariel and Schwab teamed up with the Coalition of Black Investors (888-411-COBI) to co-sponsor a series of investor education seminars in April. Arnold says, "The seminars focused on education—we were not pushing product." She believes efforts such as these give Schwab a chance to "connect with the African American community [and] correct some of the misconceptions about investing."

Unfortunately, it may take more than dispelling misconceptions to get African Americans to realize the true potential of investing and thereby approach the success of their white counterparts. "African Americans tend to have less income than whites and inherit less money from their family members, so there tends to be less disposable income to be considered for saving and investing," says Margaret Simms, vice president for research at the Joint Center for Political and Economic Studies in Washington, D.C. With blacks having less money to invest and then doing so more conservatively, the wealth gap between blacks and whites increases exponentially—especially when the stock markets are doing exceptionally well. To have any hope of closing the gap and hastening wealth creation in the black community, African Americans must begin investing now.

There are already some signs that African

## ALLOCATION OF SAVINGS & INVESTMENTS

Approximately what % of your total savings or investments would you say fall into each of the following four categories?



Americans are taking a greater interest in the stock market. Recent public offerings of black-owned companies such as Baltimore-based investment bank, The Chapman Co., and BET Holdings Inc.'s recent stock repurchase have stimulated interest and served as examples of how the market can help companies grow. Jesse Jackson's Wall Street Project, formed in the wake of accusations of racism at Texaco, has also raised awareness about the rights of stockholders. Events such as these have translated into a steady growth in the number of African Americans starting and joining investment clubs at their local churches, with fellow employees or with members of social groups.

"African Americans need to invest in the stock market so that they will be able to benefit from the power of compounding," says Hobson. "The market outperforms all investments and blacks participating in this can only benefit their future."

But that doesn't mean you should jump in blindly. "Anyone who thinks it's always going to be this good is naive," says Hobson. She suggests that the market has had a very strong run and is now fully valued in most areas. This factor, plus the prospects that higher wages will drive up inflation, could cause a correction. "Stocks cannot outperform their fundamentals, and some stocks have gotten far ahead of themselves," Hobson warns. "It may be inflation, or interest rates, but it will be something that brings the market down."

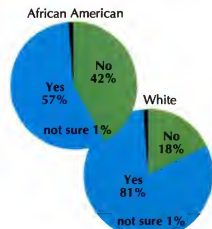
Some, however, aren't quite as worried. "I think the Dow will hit 10,000," predicts Malcolm Pryor of Pryor McLendon Counts & Co. in Philadelphia. "Right

now, there's nothing in the economy that's going to cause people to abandon owning equities. Interest rates are stable, and there are mergers among big companies, including some Dow companies. So there's no reason for it not to get to 10,000."

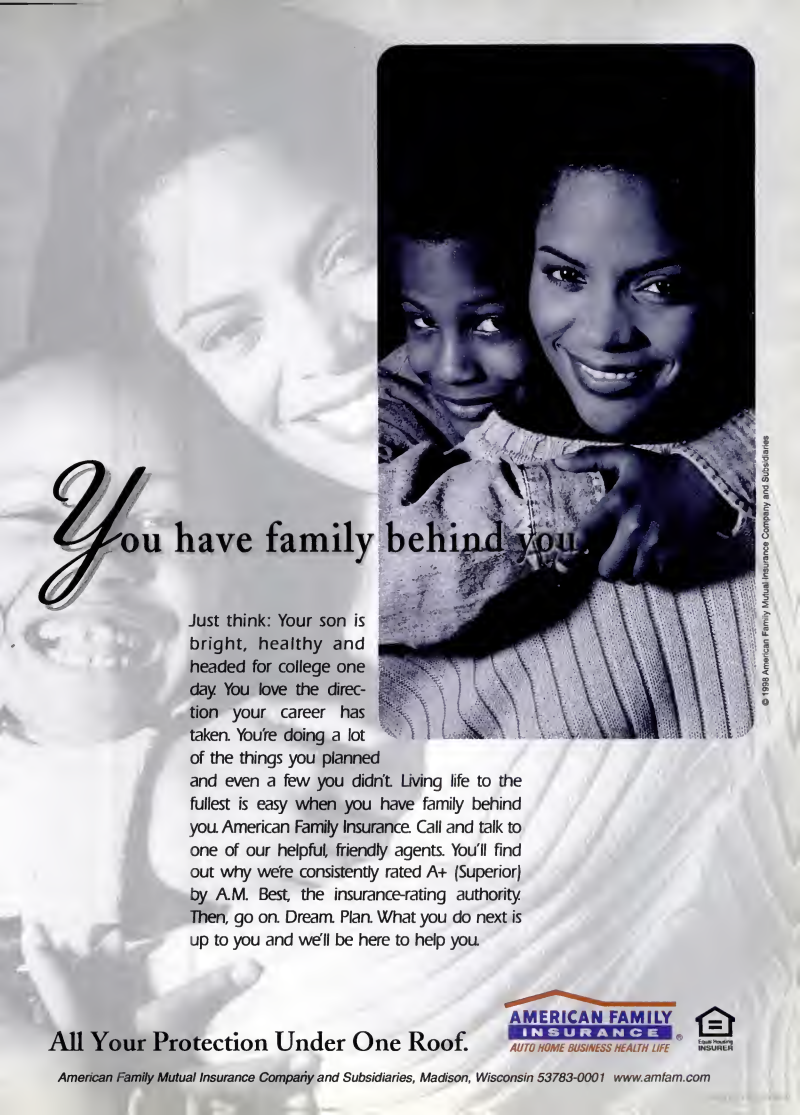
Perhaps, but you can bet there will be market fluctuations on the way to getting there. That's why most investment advisors believe taking a long-term investment view is the only way to invest. That leaves us with the question: where will your investments be when the Dow reaches 10,000? □

## Funds in the Stock Market

Do you personally, or with a spouse, have any money invested in the stock market right now?



Source, both charts: The Ariel/Schwab Black Investors Survey; Saving and Investing Among High Income Black And White Americans, Ariel Mutual Funds and Charles Schwab & Co., 1998



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## BUSINESS OPPORTUNITIES

Harold Dawson Jr.  
built a successful  
commercial real estate  
business on a strong  
foundation—his father's  
30-year legacy in  
residential real estate

# 40 CIGARS and a MORTGAGE

Staking a claim in one of  
America's biggest gold mines—  
commercial real estate—  
requires know-how,  
connections and staying power

By Roz Ayres-Williams & Pamela M. Watkins

## BUSINESS OPPORTUNITIES

**ON HIS 29TH BIRTHDAY, AT AN** age when most people are still deciding whether to spring for a home mortgage, Charles A. Wallace II did something different. He closed on a \$2 million hotel.

The proud new hotelier joins a growing cadre of African Americans prepared to enter the high-risk, but potentially high-yield, world of commercial real estate. Whether you're sitting on acres of undeveloped land in the South (as Wallace's family does), living in a city with an urban core undergoing redevelopment or have just always wanted to own a housing unit, hotel, strip mall, factory or office building, you could be looking at one of the best ways in America to reach millionaire status—a commercial real estate investment opportunity.

However, it isn't one of the easiest ways to get rich. "Commercial real estate investing is a very serious business," says Olusola Seriki, principal in Metroventures/USA Inc., a real estate development and management firm in Columbia, Maryland. "Because of the liabilities associated with it, it's extremely important to know the realities of what you're getting into."

First, investors should understand that investing in commercial real estate is not like playing the stock market, where assets are more liquid (easily convertible to cash). "You invest in commercial real estate for two reasons: income and appreciation," says Seriki. "The income can be healthy, but the appreciation is where you really enjoy the benefits. Therefore, you must be prepared to hold your ownership position long enough, maybe five years or more, to reach the point of profitability." People who can't hold the position may have to liquidate quickly, often at deep discounts to the price [of the property]. Such circumstances are better known as "fire sales."

Another issue is upkeep of the property. "The art of the deal is not in the buying or development of the property, but in the everyday protection of your assets," continues Seriki. "You can lose your shirt if you don't do that." Shopping centers are the best way to illustrate the importance of property management. "More so than in an office building, where people must come in order to work, shopping is a selective decision," Seriki explains.

"If the property doesn't meet certain standards of cleanliness or comfort, stores lose their customers, and you lose your leases. Before you know it, you're unable to meet your notes. Next step: fire sale or bankruptcy."

In short, you can't afford much of a learning curve when starting in commercial real estate. Mistakes can cost you big-time because, as Seriki says, "the property can eat you alive." But there are enough success stories out there to prove that it's a profitable game to play if you know what you're doing. According to Arthur Zabarkes, former director of the Real Estate Institute of New York University, commercial real estate is a \$3 trillion revenue-producing industry, representing 35% of all investable wealth in America. In addition, those who own commercial property often decide which businesses are opened where, help influence efforts to revitalize their community and become key components of that community's economic power base.

For African Americans, the stakes are even higher. "Buildings are often left

vacant in urban areas because many of the owners have no valuable connection to the area," says Claude Remy, president of Remy International, a commercial real estate management firm in Tacoma, Washington.

### REAL ESTATE DEAL-MAKING 101

The safest way to play in the game of big-time commercial real estate is to gain experience by closing deals for other people. Your strategy, therefore, should include obtaining a commercial real estate license, which also is a good basis for making all the right connections to opportunities, financing, partners and other resources. (See sidebar, "Preparing For Your First Deal.")

Even after getting your license, experience can be hard to come by. After 24 years as a commercial real estate broker, Paul Chiles, owner of Chiles & Co. in Seattle, says he still must pass a litmus test before he can close a deal. In 1974, at age 24, Chiles was the first African American to be hired by CB Commercial (then known as Coldwell Banker Commercial). He rose in

GARY BENSON

**Claude Remy of Remy International believes that investing in commercial real estate is the key to rebuilding and managing our communities**



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## BUSINESS OPPORTUNITIES

the ranks to become vice president of investments before leaving to start his own real estate firm in 1990. "We haven't necessarily overcome the acceptance problem," Chiles says. "The paramount question is still: Could they [blacks] possibly know what they are doing?" This can be a big barrier, he says, to getting opportunities to "distinguish yourself as being able to close deals."

Still, experience counts. Just ask Harold A. Dawson Jr., president of Atlanta-based Harold A. Dawson Co. (HADCO), a family-owned real estate firm started by his father three decades ago. (See sidebar, "Two Plays By A Pro.")

### UNDERSTANDING THE GAME

Seriki notes that the landscape has changed in terms of how deals are being financed today. "Ten years ago, institutional money for commercial acquisitions was mostly placed on the debt side,

through mortgage brokers," he says. "Now real estate is taking advantage of the stock market through real estate investment trusts (REITs), where money is flowing [on the equity side] like water." REITs allow a legal entity to acquire property and distribute the income directly to stockholders through shares, with no tax liabilities. Shareholders can use their earnings to purchase more shares—meaning equity in additional property. Institutional investors have become the dominant players in the commercial real estate market, "which means a local guy, say, in Tallahassee, who spots an opportunity there, may have to compete with the broker working with a REIT out of Nevada that has the cash ready to close on the deal immediately," Seriki observes. This makes it tougher to grab opportunities, but if you know where to look, have your ducks lined up and know the game, you can move quickly and with sure footing.

Once you are licensed to buy and sell property, you should know how to spot a good opportunity, find capital to acquire, develop and manage the property and pull together a competent project team of investors, contractors and managers to make it all happen. First Union National Bank of Georgia's Reginald Davis says if you're aspiring to be a multimillion dollar developer, you'll need to build a good team of experienced professionals who specialize in the commercial real estate business. Davis, the bank's COO, says a strong development team usually consists of an attorney, accountant, project manager, general or lead contractor—who hires the appropriate subcontractors—and a property manager. This team can mean the difference between success and failure.

Make sure you're investing in a particular property for the right reasons, says Seriki. "For instance, black athletes always seem to want to invest in nightclubs—but clubs and restaurants just are not good real estate plays," he observes. "Their life cycles are too short. Look for properties with tenure, such as a medical office building or a distribution center for UPS. It may not be as glamorous as a theme restaurant, but if your objective is to make money, not to have bragging rights, then it's the smarter investment." As a general rule, avoid properties involving short-term, faddish or cyclical leases.

Occasionally, you'll see a "for sale" sign hanging on a building or run across a listing in the classifieds. Increasingly, though, the availability of valuable properties is quietly circulated through an "inside" business network of bankers, brokers and investors. Once you spot a property opportunity you think you want, begin the due diligence right away. This includes having the property inspected and doing a financial analysis (determining how the building is currently financed, as well as its income and operating costs).

Ask yourself what you can do to bring greater value to the property—for instance, by finding ways to lower operating costs or generate more income. If you like the answers and want the property, bring in an experienced real estate attorney to help you tie down the deal. "If you




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After excelling as a general manager for three Hampton Inns, Charles Wallace II purchased his own hotel

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## BUSINESS OPPORTUNITIES

have to move fast, try to get an option on the property from the current owner that's contingent upon finding the funding," advises Seriki. "Without such a 'lock-down,' you can spend thousands in mortgage loan application fees, only to find later that the property has been sold to someone else. 'Before you spend the fee,' Seriki cautions, 'you must know that the owner will sell to you at a fixed price.' The option should include a reasonable time frame to complete detailed due diligence and secure financing—usually 60 days.

### FINDING THE MONEY

Knowing who to contact for funding is a crucial step. "A lot of people start in the wrong places, so it becomes very discouraging," says banker Davis. "For example, it's recommended that you not contact

the commercial lending department of a large or mid-size bank unless your loan request is for more than \$1 million." Small investors, say someone purchasing a six-unit complex, should start by building a close relationship with the branch manager of a small community bank or the manager of the small business department of a larger lending institution. Purchasers at this level can also work through programs offered by state and federal agencies such as the U.S. Department of Housing and Urban Development (HUD).

"Larger developers should go in with the understanding that most banks are not going to fund seed capital or equity," Davis says. For best results, look for banks with a roster of clients who have access to investment capital. A good way to find which banks are doing

deals in a particular area is simply to drive around construction or rehabilitation sites and take note of the signs on the property advertising where the financing is coming from. If all else fails, go to a mortgage broker.

Either way, make sure you're well prepared before approaching any lender. Torrie Johnson is president of Canfield Property Management, the only such firm in Baltimore owned by a black female. "We also help developers create premarketing plans (similar to a business plan), which outline the projected phases of the project. This is a document lenders and investors must see before deciding whether or not to back the purchase," she explains.

Your proposal or plan should be thorough and professionally prepared. Make

## Two Plays By A Pro

Harold A. Dawson Jr., president of Harold A. Dawson Co. Inc. (HADCO), a commercial realty business based in Atlanta, is a perfect example of how experience enhances one's deal-making capabilities. Dawson runs the company his father, Dawson Sr., started 30 years ago selling residential real estate before crossing over to the more lucrative sector of commercial real estate.

In 1996, Dawson and his father negotiated a deal with the city of Atlanta to construct a \$25 million apartment complex known as City Plaza in the city's downtown area.

The mixed-use residential project, located in the south central business district near City Hall, contains 27,000-sq.-ft. of class-A retail space and is anchored by a 14,000-sq.-ft. Kroger supermarket and a 360-car parking garage. The building also includes the first Sylvia's soul food restaurant outside of Harlem and a McDonald's.

This was a private/public project where the Dawsons not only invested \$3 million of their own money in the 400,000-sq.-ft. building, but also received a 50-year land lease from the city. They also negotiated a 15-year guaranteed income contract with the parking lot company. There were also county and city tax abatements and a tax credit for designating a portion of City Plaza as moderate-income set-aside units. This project generates more than \$1.5 million a year in revenues for the Dawsons.

In another instance, the Dawsons were able to see opportunity

where others saw urban ruin. HADCO built the new Kroger supermarket in Atlanta's West End. Located near the Atlanta University Center, the new store was built next to an older, smaller Kroger that had fallen into disrepair and was too small for a community burgeoning with some 300,000 mixed-income residents, ranging from lower to upper middle class.

In 1995, when Dawson learned that Kroger executives were planning to renovate the old store, he offered to develop the property for a fee if Kroger would finance the project. HADCO also represented Kroger Corp. in its negotiations with the Neighborhood Planning Committee and the city on zoning variances. What was realized was an 80,000-sq.-ft. building on a site next to the old store, which includes 10,000-sq.-ft. of space for smaller retailers, such as a shoe repair shop, a barber shop, an art gallery and a bookstore. Today, more than 50,000 people visit the superstore each week.

HADCO saw still more opportunity to bring business to an area previously underserved by retailers. "What you had was the new store and the old store sitting empty," Dawson says. Once again, Dawson approached Kroger officials, this time to propose buying the entire site through a sale-leaseback deal. HADCO invested \$7 million to purchase the site, which included the two stores and a 25-year lease with the Kroger company. The older store is now being developed into a multi-tenant retail center.

# 1998...IT'S TIME YOU START MAKING MONEY!!!

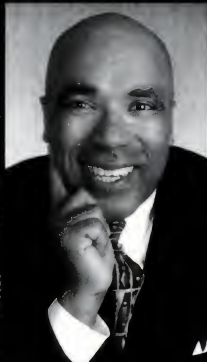
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## BUSINESS OPPORTUNITIES

sure it spells out the type of transaction you're attempting to finance. Is it a private, public/private or urban revitalization project? Your plan should also instill confidence in the lender that they have a more than reasonable chance of being repaid. The more details you can provide, the better. Describe all the people who will be involved in the project, from partners to construction and property management firms. Also, give a detailed financial analysis, showing costs, projected income and break-even points over the next two to five years.

If you've lined up tenants already, discuss them in demographic terms and show their prospects for stability and/or growth. Show why the area you've selected is attractive and what its long-term prospects for growth are. Make sure experience shows up prominently in your plan. "Whether it's your personal experience or comes from those you're surrounding yourself with, it's one of the first things any lender will look for," says Johnson.

### TARGETING URBAN CORES

"Black people should pay close attention to what's going on in urban centers—and pay attention quickly," urges developer Seriki, particularly in those areas the federal government has targeted for redevelopment, better known as Empowerment or Enterprise Zones. "We have metropolized to the outer edges of America," he notes. "Populations have shifted so far out that it borders on the unreasonable."

A return to urban cores means increased sales for franchisers who have saturated suburbia, a deep labor pool for industries seeking low-skill/low-wage workers, and easy access to shopping, public transportation, airports and other amenities of city living for professionals tired of two-hour commutes to work. There's a need for office buildings, multi-unit housing and stores, but don't think you can just spot a deal and grab it. "Again, you are competing with institutional players who are looking for investment opportunities all over the country," says Seriki. "They don't even have to have set foot in a particular city—they're buying just because the numbers look good."

Claude Remy, whose company owns and manages \$6.6 million of income-pro-

## A Novice Stakes His Claim

For the very upbeat Charles Wallace II, the most disheartening thing in buying his own hotel was that "I couldn't ask a black person how to do it. I thought about calling Peebles, but his scope was so much larger, that I didn't," says Wallace, referring to R. Donahue Peebles, who recently purchased a luxury hotel in Miami. Instead, Wallace relied on his instincts and extensive background in the hotel business to get his deal done.

Wallace, president and CEO of The III Group L.L.C., in Greenwood, South Carolina, bought a housekeeping business on the island of Kiawah, just off the Carolina coast, from his former employers when he was 21 years old and fresh out of The Citadel, the noted military college. The acquisition marked his entry into the hospitality business. One year later, he sold the business back to the original owners at a profit and took a job at a local resort as director of housekeeping, and then front office manager. In 1995, he became general manager of Promus Hotel's Hampton Inn in the Historic District in Charleston, and subsequently the area manager for all three Hampton Inns in the region. By 1997, his Charleston hotel was outperforming the rest of Promus' 600-plus Hampton Inns and had received the Winegarden Award for excellence.

ducting real estate investments, feels that redeveloping enterprise zones, which are predominantly black communities, will be more successful if they are developed, owned and managed by African Americans. "We have a financial stake in seeing the success of the Empowerment Zones, because an increased quality in overall business activity works toward the success of our own individual businesses," says Remy, 40.

While on a flight to a hotel managers convention, Wallace and his wife, Paryn, spotted a small ad for a 48-room hotel for sale in Greenwood, an area both were familiar with. "My wheels started turning," recalls Wallace. "If I could make millions for Promus, why not for myself?"

Wallace would need \$200,000 for the down payment. He started by looking closely at the area's potential for industrial growth. "We have Fuji Film in the area, a Warner Lambert plant, Vickers and a few other corporations. Labor costs are cheap here, plus we're just two hours from Charlotte and Atlanta," he says.

It looked like a good bet. He took his plan to the commercial-lending branch of a bank that helped him package the deal. It went smoothly until the bank demanded additional collateral just two days before the scheduled closing.

Undeterred, Wallace quickly raised \$400,000 from property he owned and from his former business associates on Kiawah. Two days later, on his 29th birthday, he became the proud owner of Inn on the Square. His next goal? To develop 300 acres of land his family owns in his native South Carolina into an income-producing golf and tennis resort.

### FOLLOWING YOUR HEAD AND YOUR HEART

Although a career in commercial real estate is the best way, it isn't the only way to invest in income-producing property. While multimillion dollar projects are not likely options for novice investors, if you do your research, have good support and a strong belief in what you're doing, you can succeed. Take the Omega Psi Phi Fraternity Inc., a black Greek service orga-

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## America's Black Forum

nization that pooled its money, secured additional funding and acquired an asset, and Charles Wallace II, who followed his head and his heart to hotel ownership (see sidebar, "A Novice Stakes His Claim").

Dorsey Miller, grand basileus of Omega Psi Phi, says the 86-year-old fraternity moved its headquarters from Washington, D.C., to a new and larger facility in Decatur, Georgia, in 1995 as a means of building its economic strength. The new site was meant to do more than just provide adequate space for the executive board to meet. It would also be a significant source of revenue for the organization. After considering sites in 12 cities, the Omegas put in a \$2.5 million bid on an 82,000-sq.-ft. site on 5.1 acres of land in a suburb of Atlanta, signing HADCO as the developer.

The next step was to come up with funding to supplement the \$700,000 they were investing in the deal with the Georgia Association of Educators. Finding a bank to fund the project wasn't easy, Miller recalls. Fraternity members first went to three black-owned banks for the loan, but the banks couldn't come up with the funds. Their next stop was NationsBank, which granted a loan for the balance, to be repaid by the fraternity through a members building fund drive and with \$625,000 in a guaranteed certificate of deposit against the loan. The building, located on Snapfinger Parkway in Decatur, had its grand opening in December 1995.

The fraternity staff and members use only 16,000-sq.-ft. of the building. The remaining class-A space (prime commercial property), including an auditorium, is rented, generating an annual income close to \$500,000. The Georgia Association of Educators is the fraternity's primary tenant, with a five-year lease worth \$1.1 million. Additionally, the 5.1 acres provide the fraternity with the ability to expand on-site. "We anticipate building a factory to manufacture fraternity and sorority paraphernalia. We've also been looking into building a hotel," Miller says.

Easy? No way. Worth looking into? Definitely. As Remy says, "The more involved we become in commercial real estate, the more we will understand the value of rebuilding our communities and managing them." □

# Preparing For Your First Deal

You'll need determination and persistence to make it in the commercial real estate game, which has traditionally been dominated by white males and has lagged behind other industries in opening doors to minorities. The Commercial Investment Real Estate Institute (CIRES), a branch of the National Association of Realtors, reports that only 1% of its 10,000 certified commercial investment members (CCIMs) are African American. In comparison, Asian Americans and women make up 5% and 15%, respectively.

A real estate license can be earned at local real estate schools and institutions. Having a four-year college degree is not required to become a broker, but is recommended. Today more colleges and universities, such as Howard University and the Real Estate Institute at New York University, are offering degree concentrations in real estate investment.

There are several designations that brokers can earn, including the CCIM, that certify them in specific areas of the industry. For example, the Institute of Real Estate Management confers the certified property manager (CPM), accredited residential manager (ARM) and accredited management organization (AMO) designations.

Last year, Herman E. Bulls, managing director of the Washington, D.C., office of LaSalle Partners Inc., and a small group of his African American colleagues founded African American Real Estate Professionals (AAREP). This 85-member networking organization aims to create opportunities for blacks in commercial real estate through networking with professionals and on college campuses. "We need to start networking so people will know when there's an opportunity at a major firm," he says. The organization also mentors Howard University students seeking careers in commercial real estate.

Here is a list of organizations that can provide certification information, educational and business opportunities, networking contacts and other resources:

National Association of Real Estate Brokers  
1629 K St. NW, Suite 602  
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African American Real Estate Professionals  
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Building Owners and Managers Association International  
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Enid Winn is a native New Yorker, so she knows a thing or two about competition in her capacity as Director of The Chase Manhattan Bank's Minority- and Women-Owned Business Development (MWBD) Program. She facilitates access to Chase's resources giving entrepreneurs the opportunity to compete for Chase business.

Enid's drive and ability to accomplish this goal stems from her own commitment to excellence. After receiving a BA Degree from Wellesley College, she joined Chase and proceeded to successfully build her career in the international, corporate, community and commercial banking departments.

Enid is now excited to be part of The Chase Manhattan Bank's Community Development Group. This is the team responsible for day-to-day oversight of Chase's historic five-year \$18.1 billion nationwide community investment commitment. This commitment includes \$3.4 billion in loans and investments to assist small businesses and community-based organizations.

Enid Winn has made a personal commitment supported by Chase to, in her own words, "further expand the MWBD Program and find ways to support the development of minority- and women-owned enterprises with targeted financial services and technical assistance." If that sounds like a winning combination to you, write Enid at Chase Community Development Group, Minority- and Women-Owned Business Development Program, 380 Madison Avenue, 14th Fl., New York, NY 10017 and start another "Right Relationship" at Chase.



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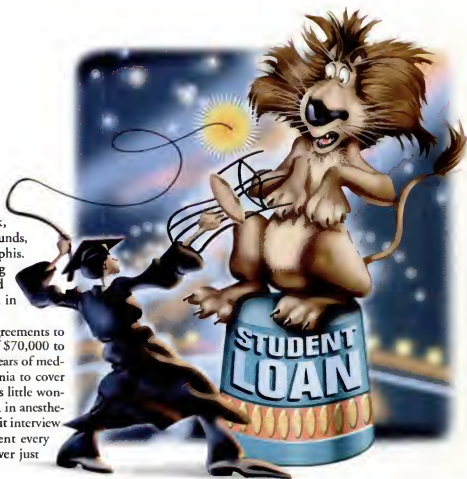


Graduating was  
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Now, here's  
how to tackle  
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biggest debts.

**IT WAS ONLY A STACK OF PAPER IN A** rainbow of pastel shades. Two inches thick, it couldn't have weighed more than a couple of pounds, the size of the *Yellow Pages* in a city like Memphis. But the minute Virgil Hilliard started reviewing his student loan documents five years ago, he could have sworn someone had dropped a slab of lead in his hands.

There were promissory notes, schedules and agreements to wade through. And, there was that grand total of \$70,000 to ponder, the amount he'd taken out during four years of medical school at the University of Southern California to cover everything from tuition to \$300 textbooks. It was little wonder that just days before he'd pick up his diploma in anesthesiology, Hilliard was in a panic. "The day of my exit interview with a financial aid counselor, it seemed I'd spent every week going through those papers and fretting over just



By James A. Anderson

## PERSONAL FINANCE

how my life was going to change."

Five years later, Hilliard is still alive—in fact, thriving quite well, thank you. And that's after five lean years of residency, putting in 20-plus-hour workdays in surgery and on call at State University of New York Hospital in Brooklyn, while earning just \$36,000 a year. He and wife Angie, 32, who then was marketing pharmaceuticals for Bristol-Myers Squibb, have worked together to pay off about half of Hilliard's original student loan balance. After a few more months at the Mayo Clinic in Jacksonville, Florida, Hilliard plans to move the family, which includes his 20-month-old daughter, Lena, downstate to Port St. Lucie. There, Virgil can look forward to being in practice with a friend and earning \$100,000 or more a year. The couple plans to hit the market for a house soon, and Hilliard's outlook is fixed on the future, despite the \$700 a month he's paying on his loans. "I'm lucky Angie and I kept at it," says Hilliard, 33, "but I'll tell you it's certainly had an effect on a lot of the decisions I've made."

Hilliard has plenty of company these days. No matter where you went to school, whether you went to work after earning a B.A. or continued on for a graduate or professional degree, the story is the same. The minute you tuck away your diploma, get ready for a crash course in bill payment. According to figures compiled by the Education Resources Institute in Boston and the Institute for Higher Education Policy in Washington, D.C., undergraduates today leave campus with an average \$7,594 debt from public four-year campuses, \$10,000 if they opt for private schools. That figure is increasing rapidly since tuition rises on average about 7% annually. Graduate students have it worse, particularly those who enrolled in professional programs. On average, law students graduate owing over \$40,000—a monthly bill close to \$500, assuming a 10-year payback period and an 8% interest rate. Doctors and dentists, meanwhile, finish school owing an average \$64,100 and \$67,800, respectively, in debt. That makes for monthly payments of \$777 and \$822.

As gruesome as it looks, the student loan monster can be tamed. We won't sugarcoat things, though. Financial plan-



For Virgil and Angie Hilliard, paying down principal has helped tame unruly student loans just in time for Lena's arrival.

ners say it's best to meet the burden head-on and pay it off as soon as possible. Yes, there are ways to stretch out payments or alter the amount due each month, but be forewarned: more often than not, changes to your loan schedule or set payment can double or even triple the total sum you pay back to lenders. Default or bankruptcy on your mind? Don't even think about it. These days, when you let your loans lapse into default, you'll find the lenders have more bite than ever before. "After they assess fines and collection fees, don't be surprised if the amount you owe increases 43%," says Robin Leonard of Berkeley, California, co-author of *Take Control of Your Student Loans* (Nolo Press, \$19.95). That's not to mention the damage to the credit you'll need as a cushion in case things are rough those first few years. "In medicine, after school's over, there are interviews to fly to, hotels to pay for," says Hilliard, who knows of one classmate who has already defaulted and is on the verge of bankruptcy long before he'll earn the big bucks. "He can't get a credit card, and I simply don't know how he's going to make it," Hilliard laments.

Take heart. Government and private lenders are aware of the amount you and

other graduates owe. And creditors appear to be increasingly willing to work out terms to make paying back as easy as possible. "Everyone's making greater efforts to be accommodating," says Tess Van Duvall, assistant director of debt management at Emory University in Atlanta. And in one bit of good news, starting in 1998 you'll be able to deduct interest paid on student loans up to \$1,000 for five years, provided your salary is under \$60,000. That amount is due to increase \$500 a year until reaching \$2,500 in the year 2001.

### THE BIG PAYBACK

Talk about a catch-22. You take out loans for a degree that will help you live the good life, right? Shortly after graduation, though, you're scraping to meet rent, car and credit card payments as well as student loans. To top it all off, there are additional worries like saving for retirement or a new home. "My friends all know I'm swamped," quips Rishal Dinkins-Staniel, a '93 graduate with an M.B.A. from Northwestern, who still has \$30,000 to service on the \$60,000 she borrowed. And payments aren't any easier now that she and her husband,



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Kenneth, are raising their two-year-old daughter, Kennedy. "Whenever they ask how much I owe, I just say, enough to pay for the two invisible Jeeps sitting in my driveway."

But where do you start? The best place is your paperwork. Before you mull over how much of a financial hurt you're in for, you need to know who holds your loans, when the payments start and what the terms are. It sounds easy, but often by the time you begin paying back, your lender has long sold off your loan on the secondary market to a consolidation company like Student Loan Marketing Association (better known as Sallie Mae, 800-524-9100), USA Group (800-382-4506) or Citibank (800-967-2400). That way, your original lender can free up money to funnel back into the lucrative student loan business.

If you've set aside every document on your loans, we applaud you. If you've lost track of who has what, first track down your creditors by phoning your school's financial aid office or the Federal Aid Information Center at 800-433-3243. Be prepared to supply as much info as you

can, including Social Security card number, dates of attendance and graduation, and a list of original lenders.

That helps to square away where the monthly loan check is going. Now, it's time to figure out how you're going to pay. Standard terms call for you to pay student debt back in 120 installments over 10 years. And to maintain the kind of good credit you'll need to secure a mortgage, there's no getting around paying back the debt. As far as setting priorities and deciding which burdens deserve more of your hard-earned money, financial planners tell you to follow the interest rates. Interest on credit cards accrues at an average rate of 16% yearly, while student loans are hit with an 8% rate. Meet both monthly payments, but aim to whittle down your credit card debt first.

Next, determine how much you can afford to pay on the loans themselves. According to USA Group, a loan consolidator in Indianapolis, most people can foot 8% of their annual salary in student loan payments comfortably. Translated into raw numbers, if you make \$24,000 a year, \$1,920 annually or \$160 a month

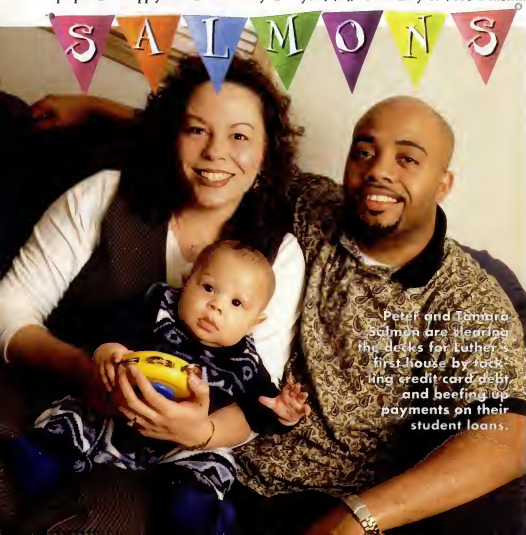
should be affordable with a minimum of financial pain.

Above that threshold, you may have to consider sacrifices, including working somewhere other than the job you envisioned. "Angie is bent on moving back to Pasadena, where she's from," says Hilliard. "The fact is, L.A. is a market where the competition is stiff and there's less money to be made." Dinkins-Staniel says many of her business school classmates had to compromise, too. "We day-dreamed about great sports marketing jobs or nonprofits," she recalls. "Once we found out about student loan payments, most of us steered directly into corporate jobs or to the big consulting firms that pay six-figure salaries straight off."

### PRIORITIES, PRIORITIES

Meanwhile, you might be thinking about big-ticket items like a home or retirement. Financial planners say the matter is cut and dried: debt (including student loans) comes first, investing second. That's how Peter and Tamara Salmon of Ayres, Massachusetts, both 27, see it. On the one hand, their son Luther is barely eight months old, and they have their sights fixed on a first home. The couple is lucky: when they both finished Johnson & Wales, a small private school in Providence, Rhode Island, their combined student loan burden was \$30,000, just under \$400 a month. Peter's now earning \$35,000 managing the food service at Fitchburg State College in Massachusetts, while Tamara kicks in \$25,000 from bookkeeping. For now, though, their aim is to hack away at their \$6,000 in credit card debt. From whatever they manage to salt away each month, Peter says they direct \$100-\$200 a month extra to their loan.

There are exceptions to consider, but only if you can manage to pay the amount due each month on your student debt. If your employer promises to match the amount you put in your 401(k), jump at it. "Otherwise," says Dee Lee, author of *The Complete Idiot's Guide to 401(k) Plans* (Macmillan, \$17.95), "you're leaving money on the table." That's because the matching amount your boss contributes is like getting an automatic 100% return on your investment. Your contri-



Peter and Tamara Salmon are clearing the decks for Luther's first house by tackling credit card debt and beefing up payments on their student loans.

STELLA JOHNSON

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# The Big Payback

Altering the schedules and monthly payments can buy you breathing room, but at a price

Loan balance: \$15,000/Interest rate: 8.25%\*/Annual salary: \$25,000

| Repayment Option   | Monthly Payment | Term       | Total Repayment (Principal and Interest) | Total Interest |
|--------------------|-----------------|------------|------------------------------------------|----------------|
| Level              | \$183.98        | 120 months | \$22,077.60                              | \$ 7,077.60    |
| Graduated          | 103.13          | 24 months  | 23,632.02                                | 8,632.02       |
|                    | 150.27          | 18 months  |                                          |                |
|                    | 199.08          | 18 months  |                                          |                |
|                    | 247.81          | 60 months  |                                          |                |
| Income-Sensitive** | 103.12          | 60 months  | 28,265.10                                | 13,265.10      |
|                    | 183.98          | 120 months |                                          |                |

\*Interest rate is assumed to hold constant for the life of the loan.

\*\*Borrower's income is assumed to increase 5% annually. During the first five years of repayment, monthly payments must be enough to at least cover the accruing interest. Income-sensitive loans must be paid back within 15 years.

Source: USA Group, Indianapolis ([www.usagroup.com](http://www.usagroup.com))

bution is also deducted from your gross salary, lowering your taxes.

While we're on the subject, Lee says it's good to think about a first home as well. Remember, though, that mortgage lenders are likely to turn you down if the amount you're paying on debt each year is above 36% of your annual salary. If what you owe is blocking you, consider a concerted effort to pay off your student loan. Another option: check into programs from the Federal Home Lending Association (Freddie Mac, as it's sometimes called), which require new home buyers to foot a down payment of only 3% of the home's price.

## A MATTER OF PRINCIPAL

Before considering payment options, it's good to dissect some of the mathematics behind your loan. You owe the loan's principal—the amount you borrowed—in addition to any interest that accrues over time. The bigger the principal, the more interest you pay. The longer you pay your loan, the more interest you pay. Finally, interest that isn't paid off is lumped into the amount you owe.

That's the obvious part. What isn't readily visible, however, is just how much less you pay back over time by chopping down the principal you owe. On a loan at 8% interest, paying an extra \$50 a month—\$600 over the course of the first year—ultimately amounts to a savings of \$1,300 in principal and interest over the nine years you're making payments. "I try to add whatever extra amount I can," says Hilliard. "That's because the savings over time are far greater than the payment itself."

Also bear in mind that lenders like steady payments. Sallie Mae, one of the largest loan consolidators around, will, in fact, cut 2% off your interest if you make your loan payments on time for 48 consecutive months. Set up automatic payments from your checking account, and Sallie Mae will take 0.25% off your interest rate.

## RELIEF . . . AT A PRICE

If paying back your loan turns out to be stifling, don't panic. There are ways to adjust the amount you owe each month. Keep in mind, though, that any change

often comes at a price, namely more interest paid over the life of a loan. Currently, federal loan programs, as well as many private lenders, let you choose from several repayment options in addition to the standard 10-year fixed payment schedule. To apply or get a list of terms, check with your creditor. Here are those options:

**Income-contingent plans** calculate how much you can pay monthly based on your salary, and can stretch out payments as long as 25 years. Whatever balance remains afterward, although forgiven, is taxed as income.

In **graduated payment plans**, the amount you pay back each month increases steadily over time, with the assumption that after a few years on the job market, your salary will begin to increase.

Finally, **extended payment plans** lower your monthly payment by stretching your repayment over a period as long as 30 years.

To get a better idea of how tinkering with terms can alter how much you pay and when you finish with your loan, con-

# COMMUNITY



Saturday mornings, Mary Hopkins-Navies lets local students transform her three McDonald's parking lots into car washes. Last year alone, the Clinton, Maryland teens raised over \$8,000 for groups like the Boys and Girls Club. Mary also donates 10 yearly PSAT scholarships, offers weekly senior citizen bingo games, tutors math, and has helped raise over \$22,000 in the last two years for neighborhood causes.



As founder of the Jackson, Mississippi chapter of "100 Black Men," LeRoy Walker, Jr. serves as a role model by mentoring to disadvantaged black teens. As owner of 10 McDonald's and Chairman Elect of the Jackson Chamber of Commerce, LeRoy is dedicated to the economic development of his community and to improving local education and race relations. This former high school teacher and football coach is a true community activist, leader and visionary.



Louis C. Henry, Jr. is about "getting kids productive and giving them a chance." Louis meets with local police, clergy and schools to identify needy "at risk" teens in St. Paul, Minnesota, and helps teach them work and life skills at his four inner-city McDonald's. He's also Vice-Chairman of the Mayor's Workforce Development Council, supporting student programs which provide tutoring and jobs. Last summer alone, Louis' dedication and commitment helped find 1,000 jobs for the youth in his community.

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## PERSONAL FINANCE

sider the following example. Say you took out \$40,000 at 8%—a student debt typically granted a six-month grace period before payments start, and due in 10 years. As is, you'd pay \$505 a month. All told, you'd pay the bank \$60,567, including \$20,567 in total interest. Opt for a graduated payment schedule and stretch the payment period out to 15 years. The first two years, you pay \$277 a month, \$354 a month years three through five, and \$455 a month years six through 15. At the same time, though, you'll repay \$71,559 on the \$40,000 you borrowed, including \$31,559 interest.

Another way to go is **consolidation**. Consolidation amounts to taking out a new loan to pay off old ones. In that way you combine payment of several loans into one, usually extending your payback period and cutting down on the amount you pay each month. Your lender can fill you in on consolidation terms and conditions. Van Duvall of Emory University, however, says consolidation is a last resort in her book. The reason: graduates often get better terms but at the price of paying two to three times more interest over the life of the loan. Let's return to our \$40,000 loan at 8%. If you managed to refinance at 7% and stretch payments out 15 years, you'd owe \$372 monthly, less than the \$505 under normal terms. No matter how much easier, though, you'd end up paying \$66,981 back on the \$40,000 you borrowed, for a total of \$26,981 in interest, compared to \$20,567 under the original terms.

For more on the ups and downs of consolidation, contact the Federal Direct Consolidation Loan Information Center (800-557-7392) or the three main private consolidators mentioned above: Sallie Mae, USA Group and Citibank.

If things are really rough, you have a choice between **forbearance** and **deferment**. For specifics, check with your lender. Under a forbearance, you're allowed to postpone or reduce loan payments for a set amount of time, or you're allowed to extend the time you pay a loan back. Interest, though, keeps accruing during your forbearance. Remember, also, that a forbearance is granted at the discretion of the holder of your loan.

Deferment is a temporary postpone-

ment of your loan payments. In some cases the federal government will cover your interest. Under other circumstances the interest keeps piling on. The most common deferment is for students who continue their education. A word of caution: if you owed \$40,000 at 8% interest, then in a period of 24 months, you'd accrue \$6,400 in interest.

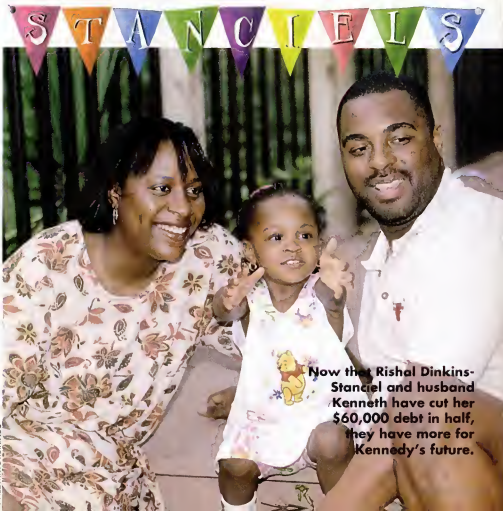
### PREGRADUATE PLANNING

If you haven't already graduated to the strains of paying back student loans, there's one thing you can do to lighten the burden once you're out in the real world. Van Duvall says first take out the minimum needed. "You can always come back again and again during the semester if you run out of funds." A second trick is to pay whatever you can on the interest that accrues on some of your loans. "I'd say \$20 a month is doable, and it'll make a big difference in the amount you owe when you graduate," she adds.

Calculations can be tricky. Fortunately for you, a couple of the large loan consolidators offer helpful Web sites that will let you plug in figures and calculate repayment strategies. USA Group ([\[group.com\]\(http://group.com\)\) and Sallie Mae \(\[www.salliemae.com\]\(http://www.salliemae.com\)\) will walk you through all the basics, explain options for your loans and guide you through decisions, whether you're an undergraduate or have been out of school for years.](http://www.usa</a></p></div><div data-bbox=)

### COPING WITH THE FISCAL PAIN

Think there's no end in sight? Dinkins-Staniel was in the same boat not long ago. In 1992, up to her neck in student loans to cover expenses at Northwestern, she was shocked to find out that Hurricane Andrew had passed through her native Miami and ravaged her parents' home. Suddenly, she couldn't rely on help from her folks. "I had to max out my credit card, and it was almost too much to make payments." Even when she finished school, Dinkins-Staniel felt overwhelmed by one life change after another. There was her \$15,000 wedding. Then her parents' home was hit by a hurricane. "It seemed like one burden after another. I've had to look over my finances again and again to really consider what was crucial and what wasn't," she recalls. "But if I could handle it and come out OK, I think anyone can." □





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CAREER OPPORTUNITIES

Want To Be

# A Big-Time Consultant?

Here's how to get into this  
lucrative field from African  
Americans already in the mix

**WHEN KIM CRAWFORD WAS YOUNGER,** she dreamed of becoming an attorney. But while attending Stanford University, the Chicago native realized she loved business, and more importantly, that as a businesswoman she could bring power to the African American community. With this new goal in mind, Crawford stepped onto the world's fastest track to business knowledge and expertise—she became a consultant.

Today's consultant is a high-priced hired gun

whose job is to find solutions to the business problems plaguing small companies and large corporations. The tools and techniques in a consultant's arsenal vary, but the general problem-solving strategy is this: identify, analyze, recommend and help implement. Industries from manufacturing to healthcare to consumer products now firmly believe that outside consultants can offer the solutions to make their businesses more competitive and poised for global advancement.

By Hal Karp

## CAREER OPPORTUNITIES



Pictured clockwise  
from left are Terrence  
Boone, Yale Peebles  
and Kim Crawford  
of Bain & Co.

"Running a successful business becomes more challenging each day," says Crawford, 32, now a partner at Bain & Co. Inc., one of the nation's top consulting firms with offices in 18 countries. "The corporations that succeed pull in the expertise they need when they need it. That's where we come in."

Perhaps timing is everything. As Crawford and other African Americans are discovering consulting, the industry is undergoing meteoric growth. More corporations are relying on consultants to lead the way as they streamline and consolidate their operations. A prime example is Andersen Consulting, a giant in the industry that, since 1989, has quadrupled its revenues and doubled its workforce.

According to the Kennedy Research Group (KRG)—a division of Kennedy Information, the industry's leading information source—consulting is growing at a rate of 16.1% per year. In a recent report, *The Global Management Consulting Marketplace: Key Data, Forecasts & Trends*, KRG attributes this growth to a healthy global economy, aggressive penetration of new geographic territories, improved marketplace perceptions, rapid changes in information technology, deregulation, privatization and the globalization of markets. Revenues in global consulting revenues are projected to exceed \$100 billion by the end of the century.

With this expansion, the industry has recognized the necessity for diversity in its

ranks at all levels. New hires can enter directly from college or cross over from industry. Although the percentage of African Americans in consulting is small, insiders estimate that the number has tripled in the past five years. "As business becomes more global," says Nellie Gonzalez, a minority recruiting manager for Andersen Consulting, "companies realize that to do business in a diverse world, it is in their best interest to match that world within." Crawford also sees African Americans as critical change agents in today's rapidly changing business environment. W.E.B. DuBois' "The Talented Tenth" essay states that the most gifted 10% of the black population will lead the rest. Echoing this idea, Crawford says, "If we can bring capital to bear on our communities and employ it with the right ideas and talent, we can build businesses, create jobs and provide returns for black investors."

### WHY HIRE A CONSULTANT?

Consulting is a broad term, and so is the industry, which KRG segments into four categories: strategy, operations management, information technology and human resources. Strategy firms, such as Boston-based Bain & Co., work to improve the long-term health of a company by developing business plans, redesigning the processes and helping to identify new marketing and sales opportunities. Andersen Consulting, an information technology leader, works with clients to improve information management, including the analysis, design and implementation of systems. Size varies as well; Andersen, with offices in 47 countries, currently has 53,000 employees compared to Bain's 2,000. Across the four industry segments, KRG tallies some 3,800 consulting practices across the country.

What consulting firms bring to the marketplace is knowledge capital. A firm such as Andersen, which maintains a global intranet for electronic knowledge sharing and has serviced clients in a broad array of industries, has a depth of information technology expertise that a company simply cannot replicate from within. Furthermore, according to Bain's Crawford, with the major layoffs of the

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Is this a great time, or what? :-)

## CAREER OPPORTUNITIES

last decade, corporations have maintained a streamlined approach to business, and in order to succeed, must now "partner with complementary people in the areas of strategy and operational improvement."

### HIGH-PRICED ADVICE

In consulting, the partnership is key. Consultants do not simply come into a company, evaluate and provide solutions. Instead, they team with members of the client company. Together, they get the job done. "Each side brings value," says Andrew Jackson, 37, a partner with Andersen Consulting. "The client understands how they do business and what issues they need to address. The consultant brings industry knowledge, best practices and experience drawn from a global set of customers. The blending of these elements is what creates innovative solutions."

Members of a consulting team source from all levels of the firm, and these positions vary from company to company. However, consulting positions generally break down into the following levels: analyst/associate, consultant, senior consultant/manager and partner. For each, the tuition for knowledge is high and includes intensive training, an in-depth, on-the-job business education and exposure to top-level executives. Also in the package are long hours, lots of travel and lofty compensation. The consulting experience, high speed and intense, isn't called fast track because it sounds good.

Yale Peebles joined Bain & Co. after earning his M.B.A. at Wharton last spring. As a consultant, Peebles works on a team led by a manager who directs the project. The manager works under a partner who pitches and sells the project and is ultimately responsible for the client relationship. "Our job is to help corporations navigate complex issues and changes," explains Peebles, 33, who is currently developing a corporate solicitation and distribution strategy for a national nonprofit organization that funds community-based agencies. Peebles and his team first identified specific needs within each community. Then through a rigorous analysis, they integrated those needs into sales presentations that target community-specific and national corporations. Explains Peebles, "We needed to be



Andrew Jackson and Kedrick Adkins are partners at Andersen Consulting

able to show companies that in addition to being altruistic, they should give because on many levels, it's economically good for their business."

Kedrick Adkins, 45, has been a partner at Andersen Consulting for 11 of his 22 years with the firm. His specialty is developing information systems for health organizations. "A partner must be an excellent businessman—an entrepreneur who can market services, sell and bring value to clients," says Adkins, who recently assisted a large managed-care organization in overhauling its technology. "They were on a hardware platform, using outdated application software," explains Adkins, whose hand-picked team created a multi-year plan for change. "Over a three-year period, new systems were designed and implemented, beginning with core administration systems such as membership and benefits processing." Consulting projects, called "engagements," last from several months to several years. Client expenditures run into the hundreds of millions, and time quickly racks up. "Some weeks you work 70 hours," says Adkins, who also travels 75% of the time.

Ron Williams, a senior manager for KPMG Peat Marwick, happily logged over 100,000 frequent flier miles last year.

"If you're interested in becoming a professional at delivering service and support and creating financial wealth, consulting is the vehicle," says Williams. "You learn how to walk, talk and deliver; you learn how to think, act proactively and change ideas into actions." Williams specializes in call center solutions and frequently juggles three or four projects.

"It's exciting, and the boredom factor is limited," says Steve Morgan, an associate with Coopers & Lybrand. "You go in, analyze the situation with the client and together you devise the solutions and implement them. I work with different companies, approaches and strategies all the time." The Fordham business school alum is currently working on two projects: reengineering processes for the treasury department of a multinational financial institution and assisting a national bank in resolving post-merger bank balance issues.

A major player in the consulting field, Pamela Thomas-Graham, 34, joined industry giant McKinsey & Co. in 1989, and is now a partner. Her specialty, media and entertainment, has led to her latest engagement—developing a new sales strategy for a large publishing house. Her *modus operandi* includes conducting extensive field interviews, a thorough

## CAREER OPPORTUNITIES



**Pamela Thomas-Graham,**  
a partner at McKinsey & Co.,  
and Dale Caldwell, president  
of the National Association of  
Black Management  
Consultants

examination of competitors and analysis of cost structure and human resource deployment. Additionally, adds Thomas-Graham, analogies from other industries are relevant, and that's what consulting

can bring to the table that corporate insiders cannot always bring—breadth of knowledge.

Thomas-Graham brings an additional touch to her book-selling client—she,

herself, is a published author. The Harvard alum (B.A., 1985; J.D./M.B.A., 1989) has written *A Darker Shade of Crimson*, the first of three installments of a mystery series. Overachieving, multitasking people such as Thomas-Graham are what this industry thrives on. Many have written books, served their communities and excelled in other areas.

### WHO IS GETTING HIRED?

Entry-level analysts are generally hired straight from undergraduate school, and while a bachelor's in business is the norm, any major is acceptable. Many firms search for people with broader backgrounds and liberal arts degrees due to the expanded knowledge base such candidates bring to the table. Analysts generally stay at a firm for two years before leaving to earn a graduate degree, which is generally required in order to move up. Traditionally, this meant an M.B.A. from a top-10 business school, but today candidates from other universities can also break into the business. What is not in question is that you must be a top academic performer.

"For two years we've targeted historically black colleges and universities, and

## Consulting Career Resources

**Interested in a career in consulting?**  
Here are some of the top firms  
in the industry:

**Andersen Consulting**  
1345 Ave. of the Americas  
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**Bain & Co. Inc.**  
2 Capley Pl.  
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[www.bain.com](http://www.bain.com)

**Boston Consulting Group**  
Exchange Pl.  
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Attn: Recruiting Coordinator  
617-973-1200  
[www.bcg.com](http://www.bcg.com)

**Coopers & Lybrand Consulting**  
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[www.us.coopers.com](http://www.us.coopers.com)

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## CAREER OPPORTUNITIES

### Case question at a glance

Consulting case questions present you with hypothetical business problems. You are expected to drive toward a solution by asking thoughtful, linear questions in key areas. A conversation might unfold this way:

**INTERVIEWER:** Your client manufactures electric switches that are put on machine tools as a mechanism to stop the machine in case of an emergency. Your client has \$600 million in revenues and for 10 years has seen revenues and profit remain flat. You've been hired to generate profitable growth. Where would you start? (At the beginning of the question, the recruiter is looking for structure and broad perspective. Don't jump immediately to a detail or what you think is the right answer. Think about a structure that you would use to approach the problem; mention several possible paths; then ask questions that will help you decide where to go next.)

**CANDIDATE:** There are several ways to grow a business. We could take market share away from a competitor, stimulate primary demand and therefore increase the size of the market as a whole, or use our technology to develop new products and therefore expand into a new market.

**INTERVIEWER:** How would you increase the company's market share?

**CANDIDATE:** I'd want to find out whether there are any major differences between my client's product and that of the competitors that would compel customers to switch to my client's product. If there aren't any differences and it's a commodity, then price would be an important selection factor.

(This back-and-forth would continue until the candidate, with the help of the interviewer, has identified key customer decision-making criteria and a strategy for growth.)

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we've increased our hiring from these schools," notes Andersen's Gonzalez. Part of Andersen's strategy for success was to assign an African American partner to each of the HBCUs. Andersen's Jackson explains that he "owns" Florida A & M University. "It is my job to pay attention and build vital relationships there," he says. "We have to give the students the opportunity to see that minority executives at Andersen are in key roles."

In potential hires, Gonzalez looks for "the ability to work on a team, juggle more than one project, navigate technology and express an innate curiosity." Qualities are deduced from background and experience, including G.P.A., work history and involvement in student activities. "Leadership roles with campus organizations are important," adds Gonzalez. Andersen Consulting, with \$6.6 billion in revenues last year, recruits at over 300 schools.

The M.B.A. requirement is changing too. According to McKinsey's Thomas-Graham, firms are beginning to look for other advanced degrees. "We've recruited M.D.s and Ph.D.s," she explains. "With

consulting services expanding, expertise in other areas is covered." KRG cites 13 industry categories where consultants are now utilized. The top five for growth are utilities, communications, oil and gas, financial services and manufacturing. KRG also notes a major trend in the development of "one-stop shopping," where clients have all their needs met by one firm.

Many candidates move into consulting directly from industry. One-third of Andersen's new hires each year are experienced professionals. KPMG's Williams entered consulting just last year, but with extensive experience in customer service and call center design, he leveraged a senior manager position. The former U.S. Army captain and company commander had also worked at MCI, Bell Atlantic and GE. Williams, like others, expresses concern and hope for a stronger African American presence in the business.

"Historically, African Americans have shied away from sales and marketing, and that's what much of consulting is," says Williams. "Our community doesn't know about this—we don't have the legacy." This sentiment is echoed by others. "It's

not in our history," says Torrence Boone, a manager and head of associate consulting recruiting for Bain & Co. Unless one goes to a top-10 business school, says Boone, who went to Harvard, the buzz-word "consulting" is not heard. "If you don't have a connection with people who have done this before you, you're less likely to consider it."

Boone and others at Bain have joined forces to spread the gospel of consulting by forging partnerships with campus minority organizations and sponsoring dinners, workshops and information sessions. They have increased their presence at conferences, including the National Black MBA Conference, the Whitney M. Young Conference at Wharton and the Harvard Career and Alumni Conference. Additionally, black employees at Bain annually hold their own conference. "We needed a tighter network," states Boone, 28. "If we don't do this, it's a lost opportunity for African Americans all over."

### NEW RESOURCES ON THE SCENE

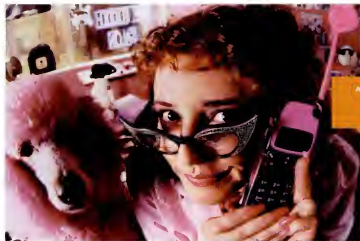
In 1994, Dale Caldwell, a senior manager and six-year veteran of Deloitte & Touche Consulting Group, conducted an informal poll of the top firms. "In consulting overall, I came up with 11 African American partners and 20 senior managers," recalls Caldwell, now 37. Saddened by the numbers, Caldwell vowed to start an organization to increase them.

One year later, the National Association of Black Management Consultants (NABMC) held its first conference. Today it boasts over 200 members and a wide variety of resources. With a mission to increase diversity within the management consulting profession, the NABMC has created a national mentoring program, a network of consulting and industry professionals, and most recently, a strategic relationship with the Center for Career Advancement, an executive recruiting firm targeting minorities.

"We offer a comprehensive program to help candidates enter management consulting and sustain a career," says Virginia Jenkins, the center's chief operating officer.

"With a target list of over 70 consulting firms and corporate internal consulting groups, we're an excellent resource for those actively seeking employment and

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## CAREER OPPORTUNITIES

those interested in keeping abreast of opportunities."

These two organizations also sponsor Career Forums—multitrack seminars, workshops and panel discussions on consulting business issues. "Companies are very interested in increasing their diversity," states Caldwell, who is both president and founder of the NABMC and national director of recruiting for Deloitte & Touche. "The response to our programs has been overwhelming. This industry is growing like gangbusters."

Linda Solomon, a partner with Deloitte & Touche Consulting Group and leader of the group's diversity initiative, is working hard at increasing the number of African American consultants. "Many of our clients are instituting diversity initiatives," says Solomon. "When we show up to work on a project with them, we, as the consulting firm, need to bring a diverse project team to the table." Furthermore, adds Solomon, people with different backgrounds have varying sets of skills, and the firm needs that variety.

### HAVING WHAT IT TAKES: LANDING THE JOB

In her book, *The Fast Track: An Insider's Guide to Winning Jobs in Management Consulting, Investment Banking, & Securities Trading*, former consultant, investment banker and recruiter Mariam Naficy tells of scanning 600 résumés to find 20 potential recruits. "This is a conservative industry," says Naficy, 27. "Funny paper, artsy fonts and unorthodox formats are out." Naficy recommends that résumés and cover letters be direct and to the point, always stressing accomplishments and business experience.

The most distinguishing aspect of interviewing for a consulting position, however, is the "case question," where candidates are given hypothetical problems that a client might face. "Practicing your responses to the interview is crucial," explains Naficy. "Six or seven case questions are common before landing an offer." Naficy cites examples of case questions in her book and explains that the dialogue ensuing from the question is as

important as the answer; candidates are expected to query appropriately. Also popular are number "guesstimates," where candidates might be asked "to do a quick back-of-the-envelope calculation and tell how many gas stations there are in the U.S.," states Naficy.

For the job search, Naficy stresses the importance of networking and using all resources possible, especially if coming from industry or a school where recruiting is not strong. She also advocates use of the Internet. "A candidate can log on just hours before an interview and research a company," she explains.

To close his essay, "The Talented Tenth," DuBois said, "Education and work are the levers to uplift a people. Work alone will not do it unless inspired by the right ideals and guided by intelligence...The Talented Tenth of the Negro race must be made leaders of thought and missionaries of culture among their people." Perhaps today's African American consultant is exactly what he had in mind. □

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# ANDERSEN CONSULTING



# SMALL Biz goes HIGH tech

The tools are readily available, but a technology plan is crucial for success in today's business environment

**Patterson stays mobile with her laptop and palm pilot even while nine months pregnant**

**FOR JEANETTE SANDERSON PATTERSON, INTEGRATING** technology into her business was not a choice, but a necessity. Patterson, owner of Sanderson Design, an interior design firm based in Oakland, California, was prodded by a customer to upgrade the technology in her firm. "One of my clients told me point-blank, 'you've got to get rid of the dot-matrix printer,'" she says with a laugh. But it was no laughing matter. Patterson, who had just opened her business in 1993, realized if her materials didn't look as professional as those of larger, more experienced firms, she couldn't compete with them. Facing the grim reality of losing customers or failing to attract new clients, Patterson invested in more than just technology; she invested in a new way of doing business. She realized that finding the right software was even more critical than the hardware.

Patterson's story is not unique. Small and large businesses are realizing the benefits of integrating technology into their operations. While the initial capital outlay may make some business owners chafe, the return on investment will save you money in the process. From accounting applications that help manage your finances to presentation software, technology can help make your business more efficient and more profitable. It is imperative that you prepare your firm to do business in the digital age, especially those businesses that supply government agencies. State and federal agencies are rapidly moving toward electronic bids and contracts to reduce overhead and lead time.

By Tariq K. Muhammad

## TECHNOLOGY FOR BUSINESS

### WHERE DO YOU START?

Research is very important in deciding which technologies fit your business plan, your budget and your staff while making your organization more effective and efficient.

"There are three key areas that business owners should look to integrate technology into their organizations: communications, data storage, and retrieval and accounting," says Noland Joiner, a partner at Business Systems Engineering Inc. (BSE), a Chicago-based information technology firm. But before you implement any hardware or software solution, you must understand where technology fits into your business and which processes are best served by automation.

He suggests the following three steps for small businesses before they buy any technology: Review your business plan and determine your goals for the next three to five years from an operational, marketing and human resources standpoint. Interview your staff to understand what they're trying to achieve and which tools will help them work better. It's important to make sure you assess the level of computer skills in the organization before you make any purchases. "You can have the best software package in the world, and it won't do you a bit of good if your staff can't use it," says Nathan Paige, CEO and managing partner at BSE.

### CORE OFFICE FUNCTIONS

The first place to begin integrating technology is your core office functions such as word processing, desktop publishing, spreadsheets and presentation software. Creating customer databases and internal and external correspondence via phone, fax and e-mail is also important. Unless your business is highly specialized, an office suite such as Microsoft Office 97, Lotus Suite or Corel Office Suite, generally in the \$300-\$400 range, will be enough. BSE suggests small companies use industry-leading products. "Stick to the standard bearers because you'll eventually have to deal with those companies [products] for better or worse," says Paige. "We rarely recommend that small businesses invest in a custom application unless it's absolutely necessary." Most small businesses can make do with a product that is commercially available as long as it can be tailored to fit their needs.

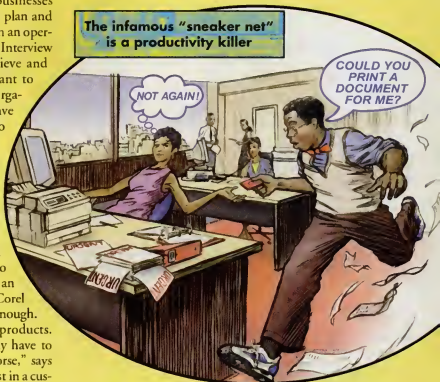
Patterson's needs were few when she started her business. With a staff of one, and working from home, she made do with Microsoft Office, using Word and Excel to handle her invoices and accounting. But as her clientele grew, she realized that using the invoice templates from Microsoft Word was not sufficient to keep track of her income and expenses. "[Office] was fine for a while, but then I needed something more targeted to accounting," says Patterson. Intuit's Quickbooks Pro was just what she needed to handle all of her books—for a while anyway.

When business picked up in 1994, Sanderson Design moved into its first office space, and Patterson hired her first employee. She purchased a Gateway 2000 PC for about \$2,500 and another copy of Quickbooks for her assistant to use. "That's when the problems began," recalls the 34-year-old interior designer. Sharing information between the two computers was not as easy as she'd hoped. Patterson employed the infamous "sneaker net," transferring files

and sharing the printer by carrying a disk between the two computers—an inefficient method of sharing data and peripherals.

But there was an even more compelling reason to connect the two computers. "I had to make sure that my assistant and I had not worked on Quickbooks at the same time," says Patterson, who often worked from home on her laptop. "We would often have two sets of books because both of us had entered information into our accounting system." The only way to make sure the accounting was right was to delete the entries and start from a common point. That was when Patterson decided it was time to get a new accounting system.

"Quickbooks worked for a couple of years, but it had outlived



its usefulness," she explains. It also lacked the security she needed as her company grew to a million-dollar business. "It was too easy for someone to access the passwords in the system and manipulate my financials."

A recommendation from her business manager prompted Patterson to purchase Impact International's Paradox, a design industry-specific accounting package. She'd polled other design professionals who used the program. "Most small businesses should stick to off-the-shelf software that can be customized to suit their needs," says N.D. Brennan, vice president of marketing and consulting for Atlanta-based NT Communications Consultants. "The companies that need an industry-specific or custom software package will likely already know it." Otherwise, they can ask other professionals in the industry what they use.

Patterson knew that no off-the-shelf program would adequately tie together all of the components of her business, which had grown to include retail furniture sales. "Paradox allows me to enter a client's information just once and generate an invoice, pur-



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chase order or proposal with no additional input," says Patterson. The \$4,000 program also allows her to keep closer track of design projects and make accurate forecasts about the company's cash flow at any given time. She believes the new tools she has integrated into her firm have added mightily to her bottom line. This year she expects to top 1997 revenues by several hundred thousand dollars.

Unlike Quickbooks, Paradox allows Patterson to create access profiles for each of the users on

Client-server and peer-to-peer are the two basic kinds of networks (for more on networks, see "Look before you LAN," *Techwatch*, January 1998). Like many small business owners, Patterson turned to a friend who "knew about computers" to help her install a network. And, like many small business owners, she found out how bad a choice that was.

"When we take a job, our first assignment is to undo the work of someone who supposedly knew what they were doing and ended up doing

who plans to hire up to three more employees within the next few years.

Since Patterson is often out of the office and does much of her work on her laptop, she purchased PC Anywhere, a software that allows her to access a network remotely via telephone lines. "I can dial into the network when I'm on the road and have full access to my company's data," says the designing woman, who also uses Microsoft Outlook to communicate with her staff. Outlook lets the employees keep track of each other's whereabouts and also facilitates interoffice e-mail. She uses a docking station with a network adapter to log on using her laptop when she's in the office.

### Making The (Up) Grade

1. Create a technology plan that is consistent with your business plan.
2. Ask your staff which tools will help them do their jobs better. Are they using the tools to their full potential?
3. Identify the specific areas where you think technology can help.
4. Ask others in your industry, as well as information technology (IT) professionals, which plan is the best for you.
5. Plan for growth. It's better to grow into a system than out of one.
6. Seek the services of a consultant.
7. Be sure to engineer technology around your business and not engineer your business around technology.

### COMMUNICATIONS

External correspondence is just as important as interoffice communication. Whether it's e-mail, faxes, phone calls or letterhead, there is a technological solution that can help your business thrive. A desktop publishing program and a quality printer can give all of your written correspondence a professional look. Patterson upgraded her printer a second time to a color model, although she continues to use a commercial printer for her letterhead and logo.

To save even more on printing, Patterson uses her Internet e-mail account to interact with customers that are computer-savvy. "Every business should have access to the Internet," says Brennan. "Not only does e-mail save time and printing costs, it allows you to research competitors, trends in your industry and keep close ties with your customers."

Access to the Internet doesn't have to be costly. Brennan recommends a program called I-Share from Artisoft. I-Share lets you connect up to 32 sessions to a single analog modem and telephone line. He recalls a client who bought 25 modems for the 30 or so PCs in his office. "If he had just done a little research or asked someone, he could have saved himself a lot of money," says Brennan. "Implementing technology without a plan is as bad as going without it." □

her network.

Employees are given specific privileges that let them view, alter or print only certain files. Information that is updated on the program is simultaneously transmitted to other users on the network, thus maintaining an accurate accounting system. But before she could install Paradox, Patterson needed to implement a local area network (LAN) that would allow her staff—which had grown to three employees and three computers—to share files, peripherals and information.

### BUILDING A NETWORK

Far from just connecting computers, networking also facilitates group collaboration through calendar sharing and centralized contact management software.

more harm than good,"

says Brennan. Patterson's would-be consultants recommended that she upgrade her laptop with memory and a new hard drive, at a cost of several hundred dollars, only to find out that the software she needed wouldn't run properly on the laptop because of an incompatibility with the display.

To make matters worse, her initial consulting team had day jobs and often left her computers disassembled for days at a time. Finally, Patterson hired a full-time consultant who suggested that she install a peer-to-peer network since she had only four computers, including her laptop, and minimal shared applications. "I don't foresee needing anything more than a peer-to-peer network," says Patterson,



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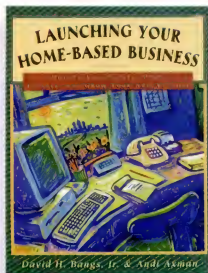
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# Going it Alone

The most successful entrepreneurs have certain traits in common. Take this quiz to find out if you have them, too.



IF YOU THINK YOU WANT TO BECOME an entrepreneur, you're definitely not alone. According to a Gallup survey published in 1996, 32% of the adult working population—nearly 40 million people—dream about starting their own businesses. And why not? Entrepreneurship represents freedom to establish your own schedule, control your finances and chart your future.

The following is an entrepreneurial self-assessment test designed to help you determine if you have the skills, traits and aptitudes that crop up repeatedly among successful entrepreneurs. It's unlikely that you will have all of the necessary traits, but don't worry. This quiz provides indicators, not conclusive evidence, of entrepreneurial success.

Edited By Robyn D. Clarke

**Choose the statement that best answers the question.**

**1. How do you feel about hard work?**

- I can't work long hours.
- I do what the job requires.
- I have a history of being a hard worker.
- I can work hard if I need to, but would rather not.

**2. How would you describe your energy level?**

- My health is OK.
- I'm indefatigable.
- I have enough stamina.
- I need my time off.

**3. How would you characterize your approach to a new task?**

- I like to know what the boundaries of the job are.
- I hate to have someone peering over my shoulder.
- I prefer to have explicit instructions.
- I'm a self-starter.

**4. When you step back and think about where you're going, you realize that,**

- My most important job is setting meaningful goals.
- I don't know what "success" means.
- I want to make enough money to retire comfortably.
- I get bored when things go smoothly.

**5. When it comes to risk taking,**

- I play the horses.
- I like the challenge of long odds.
- I bet on my own skills, not on luck.
- I think that business is a crapshoot.

**6. What do you depend on when making assessments?**

- I'm really smart.
- I follow my hunches.
- I am decisive.
- I have "street smarts."

**7. How does your personality dovetail with your work style?**

- I have to see projects through to their completion.
- Sometimes I drop out.
- I am tenacious, a regular bulldog.
- I'm an easygoing person.

**8. How do you feel about setting goals and getting feedback?**

- I set goals so I can measure my progress.

- I like to see results quickly.
- I welcome constructive criticism.
- Feedback is vitally important to me.

**9. How would you describe your communication skills?**

- I always communicate clearly.
- I sometimes have trouble getting my point across.
- I set the goals; it's up to my employees to achieve them.
- I'm a doer, not a communicator.

**10. How do you deal with the future?**

- I plan ahead. Carefully.
- I don't have a crystal ball, so why waste time planning?
- I try to look ahead.
- Que sera, sera.

**11. How much experience have you had in the type of business you want to start?**

- I'm new to this business.
- I know this business from working in it.
- I've been in a similar business, but not the same one.
- All businesses are basically the same, so lack of experience isn't a barrier.

**12. How would you describe your attitude toward the group?**

- I am a good employee.
- I am more of a coach than a team player.
- I welcome responsibility.
- I'm a team player.

**13. What's your style when things are chaotic or unresolved?**

- I'm a closure person.
- I get stressed if I don't know the answer.
- I can live with incomplete information and uncertainty.
- I can't always wait for complete information before making a decision.

**14. How do you feel about your business?**

- This business really excites me.
- I see this business as my ticket to riches.
- The more I know about this business the more I like it.
- There are plenty of exciting businesses. The trick is focusing on just one.

**15. What's your finance strategy?**

- I can bootstrap my business.
- I know how to raise money.
- All I need is an income.
- I have a lot of money tucked away for this venture.

**16. How do you feel about working with or relying on others?**

- I'm reliable and find others to be the same.
- I'm careful not to go overboard.
- I'm very results-oriented.
- Nice guys finish last.

**17. How do you feel when the buck stops with you?**

- I don't make excuses.
- Unfair competition scares me.
- I learn from my mistakes.
- I'd rather be the quarterback than the pulling guard.

**18. How confident are you that you'll succeed?**

- I have a "can do" attitude most of the time.
- I didn't lose. I ran out of time.
- I sometimes wonder if I'm making the right decision.
- Sometimes you win, sometimes you lose.

**19. What do you think of creativity and change?**

- I like to follow set patterns.
- Being innovative and creative is a drawback in business.
- I like to come up with new solutions to problems.
- Once my plans are set, I never deviate from them.

**20. How do you feel about sharing your burdens with those close to you?**

- I'm keeping this venture a secret for the time being.
- My friends and family are behind me in this venture.
- My spouse is worried about the risk, but we'll work it out.
- I don't know if my friends and family think this is a good idea.

**21. How would you feel about playing all the roles in your start-up?**

- I have all the business skills I need.
- I'm a people person. What else do I need?
- I don't know what I need to know. Help!
- I have most of the skills I need, and know how to find people with those I lack.

**Turn the page  
to see how  
you rate!**



## BOOK EXCERPT

### What's your score?

Give yourself the following number of points for each answer you've chosen.

- |                                                                |                                                                |
|----------------------------------------------------------------|----------------------------------------------------------------|
| 1. Hard work<br>a. 0<br>b. 2<br>c. 5<br>d. 3                   | 12. Coach and leader<br>a. 2<br>b. 5<br>c. 3<br>d. 2           |
| 2. Health<br>a. 2<br>b. 5<br>c. 3<br>d. 2                      | 13. Tolerance for ambiguity<br>a. 0<br>b. 2<br>c. 3<br>d. 5    |
| 3. Self-starter<br>a. 0<br>b. 3<br>c. 1<br>d. 5                | 14. Passion for the business<br>a. 5<br>b. 0<br>c. 4<br>d. 5   |
| 4. Achiever<br>a. 5<br>b. 0<br>c. 2<br>d. 4                    | 15. Financial resources<br>a. 2<br>b. 5<br>c. 1<br>d. 4        |
| 5. Moderate risk taker<br>a. 1<br>b. 2<br>c. 5<br>d. 0         | 16. Reliability<br>a. 2<br>b. 2<br>c. 3<br>d. 0                |
| 6. Good judgment<br>a. 0<br>b. 2<br>c. 3<br>d. 5               | 17. Responsible<br>a. 2<br>b. 0<br>c. 3<br>d. 5                |
| 7. Stick-to-itiveness<br>a. 3<br>b. 1<br>c. 5<br>d. 1          | 18. Self-confidence<br>a. 3<br>b. 5<br>c. 2<br>d. 0            |
| 8. Strong need for feedback<br>a. 3<br>b. 3<br>c. 2<br>d. 5    | 19. Creative & innovative<br>a. 0<br>b. 0<br>c. 5<br>d. 1      |
| 9. Communication skills<br>a. 5<br>b. 2<br>c. 3<br>d. 0        | 20. Spousal and family support<br>a. 5<br>b. 5<br>c. 5<br>d. 2 |
| 10. Future orientation<br>a. 5<br>b. 0<br>c. 3<br>d. 0         | 21. Management skills<br>a. 0<br>b. 0<br>c. 3<br>d. 5          |
| 11. Experience in the business<br>a. 0<br>b. 5<br>c. 3<br>d. 0 |                                                                |

If you scored 75 or better, you'd do just fine in your business. If you scored 40-74, think carefully about going into business for yourself. If you scored below 40, keep your day job and shelve your entrepreneurial dream for a while.

### Reasoning behind answers:

These explanations provide the basis for each question and reinforce the correct answers.

1. **Hard work is a key success factor.** A history of hard work is a better indicator of success than a promise of hard work. Lots of effort over a long period of time is needed to make your venture work.

2. **Health and stamina allow you to do all that hard work.** Many start-ups report 80-hour work weeks for the first year or two. That takes a lot of energy.

3. **Self-motivated people thrive in entrepreneurial businesses.** People who need directions and like to work in a box are disadvantaged when it comes to start-ups.

4. **The need for achievement ranks near the top of entrepreneurial traits.** Setting clear goals is part of this; making money for the sake of making money is self-defeating in the long run. One surprising trait shared by entrepreneurs is that once the goals are reached, they get bored and start looking for new ways to test themselves.

5. **Entrepreneurs are moderate risk takers.** They bet on themselves and realize that winning at business isn't a matter of luck.

6. **Having good judgment beats being brilliant any day.** Good street smarts is important, followed closely by the ability to be decisive. Those who pride themselves on being really smart have a tough time in business—though they thrive as professionals.

7. **Tenacity is a desirable trait.** Easygoing people are fun, but may give up too soon.

8. **Entrepreneurs crave feedback, and the faster and more specific, the better.** They set goals to measure progress, like quick results and actively seek out constructive criticism.

9. **Good communication skills are vital.** You constantly and clearly sell: your ideas to employees and investors and other stakeholders; your products and services to your markets and your value to potential purchasers. Some experts say this is the No. 1 trait shared by successful entrepreneurs.

10. **Future orientation is another characteristic often shown by successful entrepreneurs.** They make their future rather than suffer it—but don't endlessly consult tea leaves.

11. **You can't beat experience in the business.** All businesses look terrific from the outside. Experience shows you the warts and blemishes, as well as the tricks of that particular trade. Inexperience in the business is a killer.

12. **Being a good employee and team player is fine, but an entrepreneur functions as the coach and leader.**

13. **A tolerance for ambiguity helps you sleep.** In business, there are seldom any "correct" answers, and there will never be complete information to base decisions upon. So you learn to make decisions under uncertainty and ambiguity.

14. **If you don't have passion for the business, you will fail.** If your sole motivation is to get rich, chances are you're in the wrong business.

15. **Knowing how to raise money is the key to building a substantial business.** (This is the trick: it means that you can put together a team, know the financial players, have a profitable product fit with your market, communicate it well and have a proven track record of success.)

16. **Reliability is a big help.** You need other people to make good; "trust but verify" is a good entrepreneurial motto. A results orientation is a plus, just not as big a plus.

17. **Responsibility and willingness to accept and learn from mistakes are important.**

18. **Entrepreneurs have to be self-confident.** Their egos are on the line constantly, and they have to trust their own judgment when going against conventional patterns. Entrepreneurs never lose, they just run out of time.

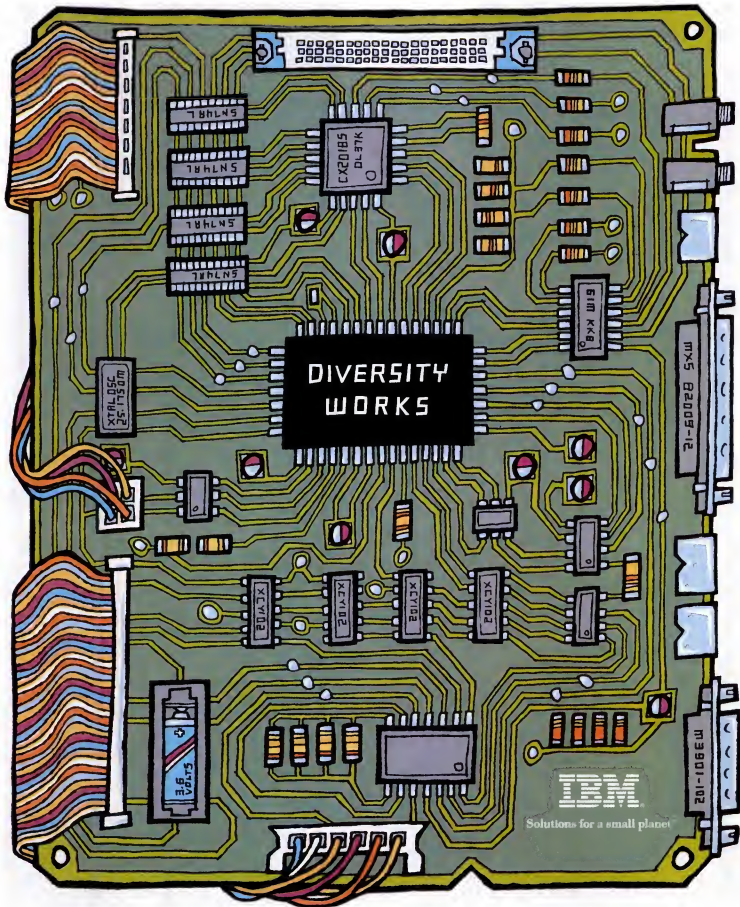
19. **Entrepreneurs tend to be creative and innovative.** They plan ahead, but if they have to change course, they will.

20. **If you don't have support from family and friends, watch out!** Their emotional support (or acquiescence) will help you keep focused on the main job, making the business work. If you don't communicate with them, they'll subvert you one way or another.

21. **Successful entrepreneurs have good management skills or they know how to hire people to fill the skill gaps.** They are also aware of the Lone Ranger fallacy: they don't go it alone.

Now you have a better idea of how you'd fare as your own boss. For more insight, check out the first part of a series on entrepreneurship in this month's Motivation section.

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## Discovering A Dream Within.

"We spent \$40,000 for a college education for you to play in the mud!"

Until recently, this is how Lyndell Mims' parents, Vernell and Carl, characterized their daughter's decision to abandon a perfectly good teaching career, in 1989, to launch a concrete and masonry business.

Today, Lynn is the President/CEO of one of Central Florida's most successful minority-owned businesses - which is also among the handful of successful, woman-owned concrete and masonry construction firms in the nation. This makes Lynn's parents very proud.

Lynn entered the world of "mud" and masonry as a part-time bookkeeper for a local concrete construction firm. She was a single mother looking only to supplement her income.

However, the owner John McGee, persistently pushed her to learn estimating and other aspects of the concrete business. This eventually led to Lynn taking over one of John's projects when he landed a major contract in another part of the state. Through that first project, Lynn became certified with the City of Orlando which lead to a steady stream of commercial concrete and masonry projects from various local municipalities and corporations.

Since 1991, Mims Construction has completed more than twenty-five development projects for the WALT DISNEY WORLD® Resort. Most recently, Mims provided concrete/masonry work for the *Harambe Village Marketplace*, "Countdown To Extinction," maintenance facilities, and decorative walls and planters for the fabulous new, 500-acre DISNEY'S ANIMAL KINGDOM™ Park.

"We've grown to relish the challenges of Disney projects. Each one is unique and beautifully designed," said Lynn. "Working with the Minority Business Relations (MBR)

Office and Disney's project managers, Mims Construction has benefited from mentoring and partnering relationships that helped us expand our capabilities," she added.

According to Tom Flewellyn, Director of Minority Business Relations, "Mims Construction Co., Inc. is a sterling example of the type of firms we seek for our MBR program. Not only does Mims provide quality work at a competitive price, the company consistently gives back to the community by employing individuals from disadvantaged circumstances - giving them the opportunity to become productive, self-sustaining contributors to our local community."

For further information on Mims Construction Co., Inc., please write to Mims Construction Co., Inc., P.O. Box 681554, Orlando, FL 32818. For information on becoming registered with our MBR program, write to: Minority Business Relations, WALT DISNEY WORLD® Resort, Ref. code: BEJ598, P.O. Box 10,000, Lake Buena Vista, FL 32830.

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# ...State of Minority Purchasing Initiatives is Hopeful, Experts Say...

## DESPITE A NATIONWIDE BACKLASH AGAINST

affirmative action, multicultural education and other programs aimed at helping people of color, minority and female vendors are making more money than ever before. Although many government initiatives have been abolished, private companies are buying billions in supplies and services from minority suppliers.

Some procurement experts are describing the current state of affairs as almost utopian, though they stress the need for continued improvement.

"Things are much better for minority suppliers over the past five years," according to Harriet R. Michel, president of the National Minority Supplier Development Council (NMSDC). "There are some who are being treated as supply partners the same way white companies always have been. ...Utilization of minority suppliers has been elevated to the top of corporate America's agenda."

Many Fortune 500 companies seem to be fighting to retain their customers, and to show an increased concern about minority issues as they contemplate America's rapidly growing Black, Hispanic and Asian population. According to the U.S. Census Bureau, more than half of the country will be minority by the year 2050. That means many firms are scrambling to find ways to capitalize on that demographic shift. But there are large businesses who have spent years making purchasing from diverse suppliers a top priority.

"IBM has diversity by design, not by mandate," said Phyllis

McCarley, Manager of Global Supplier Diversity for the IBM Corporation. "We understand that creativity, and the different points of view that are brought to bear make a better solution for IBM and for our customers. So we recognize the importance of diversity within the corporation and we have embraced it throughout the corporation."

In 1997, IBM bought \$640 million in supplies and services from minority and women-owned companies. That is about 4.2 percent of what IBM buys nationwide. It has had a program aimed at increasing spending with MWBEs for thirty years. Now, McCarley says, IBM intends to increase its purchasing from minority and women-owned firms to five percent of its total procurement spending by the year 2000.

Federal Express has a similar goal. Edith Kelly-Green, FedEx's Vice President Strategic Sourcing and Supply, spends \$6 billion a year on purchasing. \$200 million of that money, which is four percent of their nationwide spending, goes for first tier, or direct purchases from MWBEs.

"The economy is growing, and when we find diverse suppliers we get good deals, and sometimes better pricing than we get from larger corporations," Kelly-Green said. "It makes good business sense to have diversity in your organization however you can, and often times you do get better value for your money."

"We understand that our minority-owned suppliers may not have always had the exposure and some of the opportunities that



By Allison J. Keyes

some of our larger suppliers have, but we expect quality products and services from all our suppliers," McCauley said.

FedEx's Kelly-Green concurs.

"We're looking for the same from a minority or women-owned supplier that we're looking for in any other kind of supplier. We want suppliers who can provide the best service with the best cost," Kelly-Green said.

Experts say there are five things a would-be minority or female supplier can do to make themselves more attractive to large corporations:

- **Know the marketplace and understand the industry.**
- **Track changes in the purchasing habits of potential clients.**
- **Research the company to find out everything possible about your potential customer.**
- **Provide specific benefits of the perspective client/vendor partnership.**
- **Seek opportunities with other minority or female suppliers to realize economies of scale.**

"That is a real new trend among minorities," said NMSDC's Michel. "The money is out there for them to do it. It is not always necessary to start your business from scratch. With all the outsourcing going on now in corporate America, it is really possible to buy existing companies with existing clients and existing customers."

There are several other things minority suppliers should be prepared for as the year 2000 looms. Experts say most corporations now are downsizing their purchasing base, and many mainstream firms are dealing with fewer vendors on a larger scale. That means potential suppliers have to be larger and stronger to stay afloat. Some minority firms have been squeezed out of contracts in favor of companies who can provide several kinds of goods and services.

But the U.S. Small Business Administration has several initiatives aimed at helping small, minority and female-owned firms avoid those pitfalls. Among other things, the SBA has set up a hotline to report companies who practice contract bundling, where two or more contracts are combined into one so large it is difficult for smaller firms to acquire. The hotline can be reached through the SBA's Website at <http://www.sba.gov>. The SBA has also created a procurement-related Internet database called Pro-Net, which allows small companies to register online if they're interested in doing business with the government.

"Pro-Net can help small business and government make connections in this bigger marketplace," said SBA Administrator Aida Alvarez. "As the SBA prepares for the 21st Century, we are creating opportunities for America's small business community through the smart, efficient use of technology."

More than 165,000 firms have registered through the service so far. Pro-Net is open to government contractors and small businesses seeking federal, state and local contracts. It can also be used by small, minority and female-owned suppliers seeking other small

companies to partner with. The Internet address is <http://procnet.sba.gov>. Alvarez said the SBA has proposed the creation of HUB Zones, which are designed to give procurement preferences to small firms that are in - and do their hiring from - economically distressed urban and rural areas. The formal regulations for HUB Zones are expected to be published sometime later this year.

Among those corporations that have significantly increased their level of business with MWBEs are the major three automotive manufacturers. Ford Motor Credit buys more than \$2 billion a year in goods and services from minority and female vendors. General Motors purchases over a billion annually from MWBEs. Alan Miller, a spokesman for the Chrysler Corporation, says they have increased their purchasing from diverse suppliers by 250 percent since 1991 from \$361 million to \$1.5 billion in 1996. Chrysler bought \$1.75 billion in goods and supplies from minority and women-owned vendors in 1997. Experts say numbers like these bode well for the future.

"There are still obstacles to overcome, there are still attitudes we are fighting against, and there is still ignorance," NMSDC's Michel said. "But even saying all that, there are some real breakthroughs. There are more corporations than ever before that are committing themselves to these [minority supplier] programs. Not as a social program, but as an economic necessity."

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## BALTIMORE GAS & ELECTRIC

The Baltimore Gas and Electric Company (BGE) has been dedicated to creating opportunities for minority- and women-owned firms for more than 20 years. Through its Procurement Opportunity Program (POP), MWBEs are familiarized with the compa-

# Grainger invites you to explore our world. It's a world that's rich in opportunity for a diverse range of qualified suppliers.

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To learn more about Grainger's Supplier Diversity Program, call 1-800-473-3473, ext. 1583 today.

*Grainger is a proud, active member of the National Minority Supplier Development Council and the Women's Business Development Center.*



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**"We need to continue to open up the door for other minority firms through mentoring and facilitating strategic partnerships. The growth of these firms will mean growth for other communities."**

ny's needs and buying procedures. The POP also helps establish relationships between contractors and BGE employees.

The work that the POP is doing, under the direction of Harold D. Williams, is paying off. Last year, the company was recognized by Baltimore Mayor Schmoke as the first-ever Corporation of the Year because of its commitment to the development of minority business in Baltimore City. And for the second year in a row, BGE was named the Corporation of the Year by the MD/DC Minority Supplier Development Council. And earlier this year, BGE received the Edison Electric Institute's Minority Business Development Award for having the best minority business development program within the electric utility industry.

And awards only are the beginning of the story. In 1997, BGE awarded more than 1,700 contracts worth \$82 million to MWBEs. The company facilitated several partnerships that are paying off in a big way for several minority businesses. These partnerships between minority and majority firms are providing a variety of services to products to BGE, everything from computers to fuels.

Although Williams is pleased about the awards, he says he's not content to sit back and bask in their glory. "We need to continue to open up the door for other minority firms through mentoring and facilitating strategic partnerships. The growth of these firms will mean growth for other communities."

Firms interested in becoming a supplier must fill out a contractor questionnaire form. Qualified firms are sent a Request for Proposal (RFP). Some RFPs require the bidder to attend pre-bid meetings to review procedures and specifications. To be fair to all bidders, BGE does not provide premiums or set-asides exclusively for MWBEs, but does sometimes issue purchase orders in limited amounts without going through a competitive bidding process. These purchase orders are used to test and evaluate the products and services of new and promising firms, and can often lead to larger bidding opportunities.

One such success story is VSI Group, a minority firm that provides security and utility services to BGE, PECO Energy in Pennsylvania, Washington Gas in DC, and the list is growing. When BGE decided to outsource a portion of its meter-reading business, there were no companies providing that service.

BGE sought a local vendor who might be interested in a new venture. "We needed a company that could develop a large, stable and reliable work force sensitive to customer service and security issues," says Williams. "VSI Group responded to the RFP with an innovative plan, beating out a number of larger firms."

Today, VSI Group has more than 600 employees, more than \$10 million in revenues and is ranked among *INC Magazine's* list of the nation's 500 fastest growing companies. Nominated by BGE, VSI Group recently became a National Minority Supplier Development Council Inaugural Corporate Plus member — a coveted credential that signals an ability to manage large national contracts successfully. Not bad for a company that in 1993 had 25 employees.

BGE is committed to doing business with firms that reflect the diversity of its customers, employees and community. Williams says, "It just makes good business sense. Minority business development is good for the community, good for the region and good for our business."

For more information, contact BGE's Procurement Opportunity Program at 1-800-243-0341

## CHEVRON SERVICES COMPANY

Through our Small Business Program, Chevron strives to ensure our supplier base is reflective of our customers, the markets we serve and the communities where we operate. Having a workforce and supplier base that mirrors the diversity of our customer base enhances our competitive strength and increases our ability to understand and respond to customer needs. We are committed to providing opportunities for Small Business (SBE), Small Disadvantaged (SDB) and Women-Owned (WBE) business enterprises in our competitive procurement process.

Chevron's suppliers are important partners in providing our customers with quality products and services. These partnerships supply Chevron with the goods and services necessary for our daily operations and contribute to our overall success as a company.

## CHOICE HOTELS INTERNATIONAL

Choice Hotels International is the second largest hospitality franchisor in the world with more than 4,000 hotels, inns, all-suite hotels and resorts open and under development in 33 countries under the brand names Comfort, Quality, Clairon, Sleep, Rodeway, Econo Lodge and MainStay suites.

Quality products and services are critical to every aspect of Choice's business. From linen purchases to large telecommunications installation, Choice needs relationships with the best suppliers to become the best in its industry.

As Choice expands its partnership program, we are seeking minority and women-owned businesses that can provide the quality products and services our franchisees need. As the liaison



*Our commitment to diversity brings more to the table.*



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## MINORITY BUSINESS. OUR POWER SOURCE

What gives Con Edison its power to maintain the highest standards of service? Minority businesses, like the ones owned by these professionals. They are reliable, efficient, creative and productive. That's why they have outshone their competitors and earned our trust. If your company has these qualities and you want to do business with us, write to Joy Crichlow, Director, Minority Business Program, Con Edison, 4 Irving Place, Room 1207-S, New York, NY 10003, or call (212) 460-3076.

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between supplier partners and franchisees, Choice negotiates national programs for franchisees, then works to promote those programs to Choice franchisees, the buyers. As an endorsed partner, businesses receive a listing in the Vendor Resource Directory (buyer's guide for franchisees), inserts in monthly franchisee mailers, access to the Choice franchisee database, leads on new properties, and additional opportunities to conduct direct marketing at Choice trade shows and conventions.

Choice has made a commitment to diversity in all aspects of its operations, including employment, supplier diversity, and franchise development. We recognize that diversity makes good business sense and that partnering with people from various racial, ethnic and gender communities is what will help to make Choice the greatest franchiser in the world. With a wide range of brands, Choice serves people in a number of demographic categories and therefore, actively seeks appropriate representation from those constituencies in all facets of business.

This year, Choice has supported and actively participated in a number of minority ventures including the Black Enterprise/NationsBank Entrepreneurs Conference, the National Minority Supplier Development Council Conference, and the local Maryland/DC chapter of the Council. "We have recruited qualified candidates for employment and partnerships through advertisements in Black, Hispanic and Asian publications and made philanthropic contributions to minority recipients of scholarship and foundation programs.

Choice is aggressively working to increase its spending, and that of its franchisees, with minority and women-owned businesses. Through the strength of its partnership program with suppliers, Choice continues to seek first- and second-tier minority vendors. Since it considers its suppliers valued partners, Choice perpetuates the goal of minority business development through the relationships established with partner suppliers. Additionally, Choice is strengthening the relationship with minority partners, both suppliers and franchisees, through the development of minority advisory councils. Partnering to the needs of the franchisees is what has put Choice at the top of the industry.

The Supplier Diversity Program is designed to integrate entrepreneurs into the daily business of the corporation, and to assist with the development of a strong workforce and partnership program. By establishing this system, Choice continues to create opportunities for itself and others in the hospitality industry.

The Choice Hotels International Minority and Women Supplier Development program demonstrates that diversity is what we all have in common. Supporting its employees, business partners, and communities is what sets it apart from others in the industry. Diversity is our CHOICE.

## COMERICA Renewed focus on supplier diversity

Comerica is one of the leading financial services companies in the nation. Our Minority Supplier Program has earned local and national recognition for its commitment to diversity. "Before securing the goods and services of consultants, freelancers, trainers, printers, or any type of supplier, we explore the opportunities and advantages of the Minority Supplier Program," says Don

Alessi, vice president, General Services Administration.

The program fosters the growth of new, small and minority-owned businesses. "Supplier diversity makes good business sense because of the diverse marketplace and communities Comerica serves," says David Harris, Purchasing Manager (Calif.).

Comerica representatives meet with qualifying suppliers to review products and services, and examine how Comerica's needs can be met. In turn, Comerica provides its minority suppliers with technical assistance and information to help them meet quality, pricing and delivery demands required of corporate suppliers.

"Many relationships that originated through this program now have the added dimension of being Comerica customers through Small Business or a lending area," says Alessi. We maintain high visibility in the community by participating in a number of minority and women-owned business support groups.

The newly formed Supplier Diversity Teams are comprised of representatives from traditional and non-traditional buying departments. A corporate-wide tracking system measures the dollars Comerica spends with minority entrepreneurs against its total expenditures (exclusive of non-interest expenses like taxes and utilities). The difference is referred to as "opportunity dollars." Comerica currently spends 10.2 percent of its opportunity dollars with minority suppliers; the Supplier Diversity Teams are working to double that figure. "Our goals are aggressive, but attainable," adds Alessi.

To learn more about the Minority Supplier Program and its participating vendors, contact the team leader in your area. For Michigan/national suppliers, contact Don Alessi at (248) 371-5291;



# BEYOND TALK

Sprint's commitment is to provide small, minority, women, and disabled veteran-owned businesses an opportunity to present themselves, their companies, and their expertise to Sprint and its affiliates.

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# BANKING ON DIVERSITY



Skilled professionals and experienced managers are critical resources that no successful company can take for granted. That's why Comerica, one of the leading financial services companies in the nation, is committed to building a dynamic and diverse workforce in Detroit's rapidly growing metropolitan area.



By embracing a variety of talents, perspectives and ideas, Comerica can better serve our customers and enhance our leadership position in the banking industry and the greater Detroit community.



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in California, contact David Harris at (408) 556-5420; and in Texas contact Susan Newman at (214) 589-2916.

## DUPONT

DuPont is a research and technology-based global chemical and energy company offering high-performance products based on chemicals, polymers, fibers and petroleum. Committed to better things for better living, DuPont serves worldwide markets in aerospace, agriculture, apparel, automotive, construction, electronics, packaging, refining and transportation industries.

In 1998, DuPont's Supplier Diversity Program, TEMPO (To Encourage Minority Purchasing Opportunities), will celebrate its 25<sup>th</sup> Anniversary. In the last 25 years, the TEMPO Program has facilitated the purchases of billions of dollars in goods and services from minority-owned businesses. Those purchases included hundreds of commodities to meet the needs of DuPont plant sites and offices. The TEMPO Network is a national network made up

**We have made this kind of commitment to a diverse supplier and contractor base, because supplier diversity is, quite simply, a strategic part of our business.**

of DuPont employees, MBEs, NMSDC (National Minority Supplier Development Council) affiliates, and government agencies.

DuPont was awarded the NMSDC's highest honor for leadership, the 1998 Leadership Award. To celebrate this honor, as well as to commemorate our 25th Anniversary, DuPont will host regional receptions throughout the U.S. to honor its employees who have supported supplier diversity.

TEMPO Leadership Awards are given to employees who have implemented effective and creative methods to increase the diversity of our supply chain. The 1997 TEMPO Leadership Award recipients were:

- Conoco - Lobo Asset Unit
- Conoco Downstream Mid-Continent Business Unit
- Conoco-RMS&T Technology Team
- Lyndon Zielke - Conoco
- Gary Thompson - DuPont Sourcing
- Charles Thompson - DuPont Sourcing
- Brenda Kiser - DuPont Sourcing
- Donnie Bowling - DuPont Nylon
- DuPont De Lisle
- DuPont Washington Works Plant

- DuPont Facilities Services and Hospitality
- DuPont White Pigment and Mineral Products

We salute these individuals and the many other DuPont people who have supported our TEMPO Program.

## FEDERATED

At Federated Department stores, Inc., partnering with minority suppliers is a way to differentiate the merchandise in our stores from those of competitors, as well as to improve the economic well-being of the communities where we do business.

Federated launched its first minority purchasing program initiatives in 1984, and for 13 years has continued to develop and expand relationships with businesses owned by African-American entrepreneurs. In 1996, Federated's Minority Vendor Development Program recorded more than \$115 million in purchases from minority-owned suppliers.

We are proud of the many success stories Federated has helped to write. For instance:

- Blackberry is a 500-square-foot leased department owned and operated by African-American entrepreneurs in The Cellar area of Macy's Herald Square store in New York. It offers an eclectic assortment of jewelry, housewares, dolls, books and gift items sourced from manufacturers in the U.S., as well as the African continent.

- Miami-based Avanti Press/Case-Hoyt Corporation has emerged as a primary supplier of web sheet printing services for direct mail brochures and sales catalog used by various Federated divisions. The level of its business with Federated grew by nearly 50 percent in 1996 to nearly \$10 million.

- A&S resources, a minority-owned supplier of toner cartridges and other imaging supplies, last year nearly doubled the volume it sold to Macy's West operations in California and other western states.

Federated continues to seek qualified vendors who can supply high quality merchandise for re-sale - as well as a wide range of goods and services for our support operations - on a national and regional basis. In addition, we are committed to pursuing second-tier and joint-venture programs with our major suppliers in order to provide additional opportunities for minority entrepreneurs.

Read more about Federated - including its philosophy on diversity - on its Internet home page at <http://www.federated-fds.com/>.

## HALLMARK CARDS INC. Supplier Diversity Program

Hallmark views supplier diversity as an important component to our company's overall commitment to diversity and a strategic link to our market leadership position. We see the utilization of suppliers who reflect and understand the diversity of our potential consumer base as a competitive advantage. Supporting

# "Federated Helps Us Showcase Our Products for Maximum Impact."

— J. Lance Clarke  
Senior Vice President / General Manager  
Fashion Fair Cosmetics  
A Division of Johnson Publishing Company



**A**t Federated Department Stores, we take pride in the top-quality merchandise we present to customers — and the top-quality partners who successfully market their merchandise through us. That's why we're always on the lookout for new talent and innovative products.

So, if you're a minority-owned manufacturer or distributor with a fresh approach in cosmetics, clothing, basic men's furnishings, women's accessories or home accessories, give us a call at 513-579-7803. You can also reach us at [opportunity@fds.com](mailto:opportunity@fds.com), or at Federated Department Stores, Inc., 7 West Seventh Street, Cincinnati, Ohio 45202, Attn.: Minority Purchasing Coordinator.

We have a successful track record  
and the satisfied business partners to prove it.

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DEPARTMENT STORES, INC.

<http://www.federated-fds.com>

the growth of these suppliers is integral to our corporate beliefs and values; and our business objectives.

### History

Hallmark chairman Don Hall's Involvement with minority business development in the Kansas City community spans close to three decades. We formalized our efforts in 1986 with the creation of the Minority Vendor Program. The program's supplier base was expanded further in 1995 to include women-owned businesses.

Our support of supplier diversity has grown from utilization of 50 minority-owned businesses to well over 500 minority and women-owned businesses. Our purchases have grown from \$2.6 million in 1986 to well over \$70 million in 1997 from both minority and women-owned businesses.

### Scope

We have expanded the scope of this commitment beyond traditional goods and services such as maintenance, office and packaging supplies, to printing, advertising, and financial services, market research and human resources consulting.

In addition, we encourage our primary suppliers to seek our business opportunities with diverse suppliers. We feel that there are advantages to supplier diversity and encourage the involvement of minority and women-owned businesses.

### Bottom Line

If you're a certified minority or women-owned business and have an innovative product or service that will benefit Hallmark, offer competitive pricing and can meet our high quality standards, please contact the Supplier Diversity Program at (816) 274-3903.

## JCPENNEY

Established in 1972, the JCPenney Supplier Diversity Development Program celebrates 25 years of partnering with minority and women-owned suppliers this year. The commitment to establish partnerships with these entrepreneurs has been and remains to be a priority from the top down. Thomas D. Hutchens, President and COO of JCPenney International, sits on the Executive Committee of the NMSSDC.

Purchases in 1997 from minority and women-owned suppliers was \$675 million. We added over 75 new suppliers in our (6) merchandise divisions: Women's Accessories, Women's Apparel, Children's and Family Shoes, Men's, Home and Brand Development.

Each and every potential supplier is carefully evaluated for business opportunities within our company. To qualify as a minority supplier, the minority and/or women-owned business must meet the following criteria:

- Be a US citizen and own, operate and control at least 51% of their company.
- Belong to one or more of the following groups: African Americans, Asian Americans, Hispanic Americans, Native Americans, Women.



- Provide certification.
- Complete JCPenney supplier Diversity Development Business Profile.
- Listed with Dun and Bradstreet
- Have a specific product or service to sell.

We welcome your inquiries to learn more about our program and/or to become a JCPenney supplier. For more information, contact: JCPenney Company, Inc./Supplier Diversity Development Department/PO Box 10001/Dallas, TX 75301-5211, or [smaxwell@jcpenny.com](mailto:smaxwell@jcpenny.com)

## MAYTAG CORPORATION

Maytag Corporation is a \$3.4 billion home and commercial appliance company focused in North America and targeted international markets. Maytag is perhaps best known for household laundry products, yet has balanced its earnings stream by manufacturing all major appliances and by entering diverse businesses in floor care, commercial cooking, and vending.

In its continuing quest to deliver accelerated product innovation and to strengthen operating excellence, Maytag Corporation is committed to pursuing and maintaining supplier relationships that reflect a diverse marketplace, especially qualified firms owned by women and members of minority ethnic groups.

The Corporations' supplier diversity program has embarked on an effort to purchase 10 percent of its annual expenditures from qualified minority and women-owned businesses. The corporation is most interested in funding suppliers for the following products and services: plastic parts and resins, packaging, stampings, gaskets and seals, fasteners, relays, thermostats, rubber insulation, and product finishes and chemicals.

Maytag's supplier program is linked to diversity initiatives in human resources and sales and marketing activities. Maytag has

*When our suppliers are as diverse as our consumers,  
we'll have a team that understands the market . . .  
because it is the market.*

## *Growing in New Dimensions, Changing the Face of Maytag Corporation*

**MAYTAG**  
CORPORATION



*In February the Maytag Corporation board of directors elected Lloyd D. Ward president and chief operating officer of the corporation. Ward joined Maytag in 1996 as executive vice president of the corporation and president of Maytag Appliances, the corporation's largest operating unit.*

Maytag is growing in new dimensions and changing the face of the corporation:

- by assembling a balanced and focused business portfolio of home and commercial appliances
- by setting new standards with innovative products
- by pursuing new alliances in technology
- by expanding retail distribution channels
- by attracting new talent and perspectives.

The Maytag story is a commitment to grow profitably through intelligent product innovation and demonstrably superior product performance . . . with powerful, heritage brands . . . distributed at world-class levels to consumers and commercial appliance owners.

Maytag Corporation's Supplier Diversity Program is an important link to our agenda for growth. For more information contact:

Kelvin D. Sims  
Director Sourcing  
Supplier Diversity Program  
Maytag Corporation  
403 W. 4th St. N.  
Newton IA 50208  
515-792-7000  
[www.diversity.maytagcorp.com](http://www.diversity.maytagcorp.com)

# We Produce Opportunities, Too.



Minority owned businesses are vital to the economic well-being of the community and the country. They produce more than top quality products and services. They help provide jobs, community re-investment and economic development.

In short, minority owned businesses produce opportunities.

Brown & Williamson Tobacco Corporation has invested hundreds of millions of dollars in support of minority businesses. Our investment

in minority entrepreneurs has created employment opportunities and community development spearheaded by these business leaders.

Brown & Williamson, with the assistance of local resource agencies, identifies and uses minority owned companies to supply many of the goods and services we need everyday. It just makes good business sense to purchase from minority companies; good for us, good for the community and good for our future.



**BROWN & WILLIAMSON TOBACCO CORPORATION**

*Our Continuing Commitment to Community Service.*

**WITHOUT  
YOUR SUPPORT,  
THIS STORY  
MIGHT HAVE HAD  
A VERY DIFFERENT  
ENDING.**



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**THANKS FOR MAKING US YOUR BUSINESS.**



# DIVERSITY IS OUR CHOICE

We believe diverse partnerships create solid businesses. That goes for our hotels, franchisees and suppliers.

CHOICE is seeking qualified minority and women-owned suppliers. If you can supply products and services to the hotel industry and would like a pre-qualification package, call or write:

Choice Hotels International  
Strategic Partnerships, 10750 Columbia Pike  
Silver Spring, MD 20901, (301) 979-6241.

Become a CHOICE partner. Because diversity is the one thing we all have in common.



CHOICE HOTELS  
INTERNATIONAL



also benchmarked with other corporate supplier diversity programs. Maytag customer Sears and supplier Inland Steel have successful programs that require their own suppliers to develop and implement supplier diversity programs. Maytag in turn will encourage its suppliers to have similar programs.

Maytag recruits for its minority-and women-owned business suppliers by holding diversity days at each of 10 buying locations and through representation at local and national trade fairs. Maytag worked closely with the National Minority Supplier Development Council to develop its new supplier program.

**We clearly recognize the growth opportunities business diversity creates—not only in expanding our market access, but in widening our base of mutually beneficial business relationships, especially with minority-and women-owned companies.**

## **Pfizer**

Pfizer Inc. is a research-based, global health care company. We discover and develop innovative, value-added products that improve the quality of life of people around the world and help them enjoy longer, healthier, and more productive lives. The Company has three business segments health care, consumer health care and animal health. Our products are available in more than 150 countries.

Pfizer's Minority Supplier Development Program (MSD) began in 1967. During this period of racial unrest in America, Pfizer people met to consider what tactics a major Corporation's Purchasing group might utilize to help improve the situation by providing more procurement opportunity to high quality minority-owned businesses.

Pfizer's on-going and growing commitment to equal business opportunity is expressed through our MSD Program. The primary objective of this effort is to increase our purchases of goods and services from high quality certified Minority-owned and Women-owned businesses.

1997 was a terrific year for Pfizer and its MSD Program. Some

\$110 MM was spent with Minority and Women-owned businesses and the goal is to grow this amount by at least 25% in 1998!

Pfizer on line address is: [www.pfizer.com](http://www.pfizer.com)

## **PG&E**

Pacific Gas and Electric Company's commitment to supplier diversity is enduring.

The history of PG&E's supplier diversity program began in 1981 when it established a formal and voluntary equal opportunity purchasing program. That year, PG&E awarded 3% of its contract dollars (totaling about \$26 million) to women and minority-owned businesses. Since 1986, PG&E has spent almost \$1.2 billion with women, minority and disabled veteran-owned business enterprises.

As a California based company, PG&E believes that the business enterprises they do business with should mirror the environment in which they operate. Since California is the most ethnically diverse state in the nation, it is fitting that PG&E incorporate that rich cultural environment into both their workforce and supplier base. PG&E believes that this rich diversity provides them a competitive advantage and helps to support the communities they serve. Because of this commitment, PG&E aggressively encourages supplier relationships with women-owned, minority-owned, and disabled veteran-owned business enterprises (WMDVBE) that can provide competitive prices, quality and service.

Approximately 25% of PG&E's annual purchases are placed with WMDVBE suppliers. In 1997, PG&E spent \$252.6 million with WMDVBEs.

To participate in PG&E's Supplier Diversity program, first you must be certified. Women and minority-owned businesses should contact the California Public Utilities Commission Clearinghouse at 1-800-359-7998 for an application. Disabled veteran-owned businesses should contact the Office of Small and Minority Businesses at 1-916-324-0270.

Once you have received your certification, your next call should be to contact PG&E's Supplier Diversity Office at 1-800-776-3677.

For even more information about becoming a PG&E supplier, visit their website at [www.pge.com/purchasing](http://www.pge.com/purchasing).

## **PITNEY BOWES** **Linking Business Diversity With Growth**

At Pitney Bowes, we clearly recognize the growth opportunities business diversity creates—not only in expanding our market access, but in widening our base of mutually beneficial business relationships, especially with minority-and women-owned companies.

These relationships serve our present and secure our future as product innovators, purchasers, sellers and customer-driven



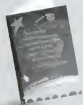
Feel good about  
what's next...

We understand the power that diverse perspectives, backgrounds, and experiences bring to today's competitive marketplace. That's why Hallmark is looking for college graduates and MBAs for employment. We are also looking for established business owners with quality products and value-added services for our Supplier Diversity Program and potential card shop owner candidates for our Retailer Diversity Program.



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and opportunities



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of the world's leading  
health care companies,  
created a breakthrough  
product-the Supplier  
Development Program. It  
actively links our many  
nationwide facilities with  
minority and women-  
owned business and with  
agencies, employing  
disabled persons.

Through this Program,  
each facility has  
contacts...decision  
makers...ready to assist  
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products or services.

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and increase the  
competitive atmosphere.  
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about your company and  
we'll send a brochure  
about ours. Write to  
Pfizer, Inc., Supplier  
Development, 235 East

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York, NY 10017.  
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and opportunities you're  
looking for!



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# P R O G R E S S



In a world of technology,  
people make the difference.™

Progress occurs when communities thrive. At Ameritech we understand this concept. That's why we've instituted a Minority and Women owned business development program.

Offering many different products and services throughout the world, Ameritech believes its employees and its suppliers should be as diverse as its customer base. Ameritech supports its people, their communities and their ideas. Because programs succeed when they truly have merit.

For more information on Ameritech's M/WBD Program,  
Please call (847) 248-2248.

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Glen Ellyn, IL 60138-3021

Ascend Communications, Inc., an Alameda-based Telecommunications manufacturing company that has made its way into the fast lane of the network computing industry. We manufacture, market and support a broad range of high-speed network access products that enable corporations to construct and manage digital wide area networks for videoconferencing, remote LAN access and multimedia, voice, video and data applications.

We are proud of the valuable contributions that minority and women-owned suppliers make to Ascend. Interested parties can contact the purchasing manager at the address below.

**Ascend Communications, Inc.** is an EEO/AA employer, its continuing policy is to provide equal employment and advancement opportunities for all persons in all job classifications relative to all areas of employment regardless of race, color, religion, sex, pregnancy, national origin, ancestry, disability, veteran or marital status. Consider the excellent opportunities on the job listings from our website: [www.ascend.com](http://www.ascend.com).



**ASCEND COMMUNICATIONS, INC.**  
1701 Harbor Bay Parkway, Alameda, CA 94502

marketers. Moreover, our focus on developing "best-in-class" products, supported by "best-in-business" marketing, has enabled us to become a "partner-of-choice" and increased our reciprocal business relationships in many markets.

Pitney Bowes' leadership is essential to ensuring value-added change and to strengthening our affiliations with our customers, suppliers and business alliances.

As we go forward, we will take advantage of the opportunities business diversity presents at every turn for our customers, our communities, our business partners, our shareholders and ourselves.

In business diversity, we are united as one for business success.

### Professional Services

- Airport Transportation
- Technical Services
- Architectural
- Temporary Services
- Trucking Services
- Delivery Services
- Management Consultant
- Product Brochure Translations
- Human Resource Training
- Executive Search
- Printing Services
- Graphic Services
- Environmental Services
- Travel Agencies

### MRO PRODUCTS/CAPITAL EQUIPMENT

- Computer Supplies
- Printing Supplies
- Office Supplies
- Graphic Supplies
- Corporate Gifts
- Promotional/Incentive Marketing
- Safety Supplies
- Office Furniture
- Computers (PCs)
- Automobiles/Trucks
- Gages
- Test Equipment

### Production

- Plastics/Fabrication
- Electronic/Electro-Mechanical Components
- Sheet Metal
- Machining
- Tool Design

### Other Products/Service Opportunities

- Freight Hauling
- Contractors

- Furniture Installers
- Marketing Agents
- Employment Agencies
- Corrugated Packaging
- Software Development
- Banks

## SOUTHERN CALIFORNIA GAS COMPANY

### Supplier Diversity: A Proven Asset for Economic Growth at Southern California Gas Company

Through our track record, Southern California Gas Company demonstrates that supplier diversity is a powerful tool for growth. In fact, we have purchased more than \$500 million worth of goods and services from women, minority, and service disabled veteran-owned companies over the past five years. We have made this kind of commitment to a diverse supplier and contractor base, because supplier diversity is, quite simply, a strategic part of our business.

We have been honored by several business organizations, for our achievements in diversity and in promoting women, minority, and service disabled veteran-owned business development. As we reflect upon these achievements and the upcoming merger between our parent company, Pacific Enterprises and Enova Corporation, parent company of San Diego Gas and Electric, it is important to know that the partnering of those two companies, to be named Sempra Energy will mean a continuation of our current purchasing and contracting practices. Sempra Energy will keep up the high levels of commitment to small businesses and community programs throughout the region. Our jointly drafted Corporate Statement of Principles clearly spells out the value we place on diversity, both employee and supplier.

An important element of our identity is that Southern California is a pathway to the larger global community. As Southern Californians, we reflect a global ethnic diversity. Our willingness to listen and learn- essential ingredients to creativity - stems from the diversity of peoples in our town. And we are committed to economic development in all of the 535 communities in which we have been doing business and the additional communities of San Diego County. Our diversity is truly a source of our strength and a proven asset for economic growth in this town called Southern California.

## SPRINT

Sprint is a global communications company—at the forefront in integrating long distance, local, and wireless communications services, and the world's largest carrier of Internet traffic. Sprint

# Consider the Power of an Idea.

At Toyota Motor Manufacturing North America,  
we're seeing the ripple effect of new ideas  
in our Supplier Diversity Program.

Through innovative sourcing strategies, we're finding creative ways  
to involve MBEs in our business. We welcome your ideas as well.

Pooling our efforts with suppliers committed to adding value,  
we believe, is critical to the achievement of our 5% MBE purchasing target.

**TOYOTA** | everyday

Toyota Motor Manufacturing North America, Inc.  
25 Atlantic Avenue, Erlanger, KY 41018



built and operates the United States' only nation-wide all-digital, fiber-optic network and is the leader in advanced data communications services.

Sprint is committed to Supplier Diversity as a business initiative. Since the Supplier Diversity Program's inception in 1988, Sprint has invested a total of \$3.8 billion in small, minority and women-owned businesses. The partnership between Sprint and their varied diversity suppliers has been and continues to be mutually beneficial. The spectrum of industries their suppliers represent mirrors the spectrum of products and services that Sprint offers. Evidence of the successful implementation of this business initiative is the recent increase, 1996 versus 1995, in dollars spent with minority, women, and small business owners—an increase of 52%, 74% and 43% respectively.

For more information on Sprint's Supplier Diversity Program, please contact Mr. Terry Smelcer, Manager, Supplier Diversity, at (800)- 877-5872.

## TOYOTA

### New Thinking Drives Supplier Diversity Program at Toyota Motor Manufacturing North America, Inc.

New thinking is the key that Toyota Motor Manufacturing North America (TMMNA) is using to unlock growth in its Supplier Diversity Program. By extending its focus beyond traditional purchasing opportunities, Toyota is finding imaginative ways to involve minority business enterprises (MBEs). On the company's commitment to supplier diversity, Mikio Kitano, President and CEO of TMMNA, believes that "more diversity leads to more ideas and better products."

The foundation of this broader, more inclusive approach is a strategy called "innovative sourcing" that incorporates Toyota's Supplier Diversity goals into the priorities of every other department in the company. Each of these departments supports Supplier Diversity and demonstrates that support by sharing information, ideas and leads that have enabled Toyota to continually create new sourcing opportunities for MBEs.

The results: new kinds of opportunities. "The key aim of our innovative sourcing strategy is to identify those new opportunities that develop as our business continues to grow in North America and outsource them to MBEs," said Lisa Thomas, Assistant Manager of Supplier Diversity.

"We expect this approach to play a significant role in helping us achieve our new MBE purchasing target. In summary, we have pledged to do five percent of our business with minority suppliers by the year 2002, and we expect our direct, or Tier I, suppliers to do the same."

When new sourcing opportunities arise, the company assesses the value added to be contributed to its core business processes and has labeled the "value-added continuum." Toyota managers have found the innovative sourcing approach to be most successful when applied to high value-added oppor-

tunities for MBE suppliers. Furthermore, these opportunities help MBEs identify additional big ideas, like last year's outsourcing of tire and wheel assemblies for Toyota's new Princeton, Indiana operation to Tommie Burns' T&WA, Inc.

## TRICON GLOBAL RESTAURANTS

Tricon Global Restaurants is the world's largest restaurant company with more than 27,000 restaurants worldwide. Founded in 1997, Tricon owns three leading brands in the quick service restaurant industry—Taco Bell, Pizza Hut and KFC.

As former PepsiCo companies, the Tricon restaurants have worked with minority and women suppliers on an individual basis to grow their businesses. In 1996, with the consolidation of the restaurant purchasing functions into what is now Tricon Supply Chain Management, a Supplier Diversity Initiative was launched. In its first year, the focus was on systems development, internal training and education, and community outreach. In 1997, the focus was on growing the restaurants' expenditures with minority and women-owned businesses. By year's end, Tricon had committed to \$31 million in new business with MWBEs.

Tricon's passion is to put a YUM on peoples' faces and create lifelong customers. This means bringing more customers to the table in addition to providing delicious food at a reasonable price. Tricon's senior management recognizes the value of economic development to our future success. By diversifying our supply base and creating wealth in the communities that we serve, Tricon will grow one pizza, one taco, one piece of chicken at a time.

Opportunities for minority entrepreneurs exist in supplier development and franchising. If you think your product or service fits the needs of Taco Bell, Pizza Hut or KFC, contact the office of Supplier Diversity 972-338-6997. If you are not certain of the fit, visit the restaurants, observe what is used and how it is used. Keep in mind that certification as a minority or women-owned business is required to utilize the services of the Supplier Diversity office. Certification from the National Minority Supplier Development Council (NMSDC) and the Women's Business Enterprise National Council (WBENC) or their affiliates is preferred. If you would like information on franchising opportunities, call 714-863-2225.

## UNITED AIRLINES

United Airlines provides passenger and cargo air transportation service to 139 airports in 29 countries on five continents. Utilizing a fleet of 575 aircraft, we again led the industry in available seat miles and passenger revenue miles, carrying 84 million passengers in 1997. On average, this represented 2,245 departures and 230,580 passengers a day.

United's ongoing commitment to equal business opportunity is expressed through our Minority Business Program. It was established in 1968 and over the years has grown to become an integral part of our corporate procurement process. The main objectives of the Program include:

We're Interested In Originality

not ORIGIN



COMMUNICATION

IMAGINATION

ANALYSIS

AMBITION

JUDGEMENT

CREATIVITY

Mailing Systems  
Production Mail  
Software Solutions  
Copier Systems  
Facsimile Systems  
Business Services  
Financial Services  
Soho Division

Our clients are located all over the world. Wherever they are, they expect the best service, the best products, the best technology. We strive to give them what they want, whatever it takes. Our success depends on it, and it may depend on you. If you have an innovative product or service, we're interested in meeting and working with the talent behind it. Help us identify new business opportunities. Contact the department of Business Diversity Development at Pitney Bowes by fax at 203-348-1289, or visit us at our website: [www.pitneybowes.com](http://www.pitneybowes.com)

Pitney Bowes Inc.  
1 Elmcroft Road  
Stamford, CT 06926-0700



**Pitney Bowes**

- 1- increasing our direct purchases of goods and services from certified minority and women owned firms
- 2- a commitment to supplier development.
- 3- expanding the Program to include professional service firms.

Like other strategic initiatives within United, our Minority Business Program supports our corporate mission – to be recognized worldwide as the airline of choice. We believe that a successful Program is essential for us to accomplish this mission. This is why we have adopted the Chicago Minority Business Development Council's "World Class Standards in Minority Business Development" model. The model is a continuous improvement process for corporations committed to moving beyond basic and intermediate initiatives to the next level: The Council's model contains generally accepted strategies implemented by leading corporations to ensure that our supplier bases equitably reflect the diverse communities in which we do business.

In order for United to survive and grow in this global marketplace, we expect all of our suppliers to meet our high standards of dependability, be financially sound and provide quality products or services at competitive prices. In short, we are looking for businesses that can improve our overall quality and/or reduce our operating costs. If you are interested in doing business with us, please contact:

Sandra Rand- WHQPP  
Minority Business Program Manager  
United Airlines  
P.O. Box 66100  
Chicago, IL 60666

## W.W. GRAINGER

Supplier Diversity makes good business sense. Providing opportunities to diverse businesses encourages the kind of economic development that keeps America working and growing.

At Grainger, supplier diversity helps make our world go round. It shapes both our business and our business relationships. And it's the reason we're reaching out to you. As a leading nationwide industrial distributor of maintenance, repair and operating products, we have many opportunities for qualified suppliers. So whether you supply our company with the products and services we need, or supply us with the products that we distribute to our customers, Grainger can supply your business with the visibility it deserves.

Grainger purchases a wide variety of supplies, equipment and services to run and manage our business which encompasses more than 340 branch locations, multiple distribution centers, and our headquarters in Northern Illinois.

We also purchase products to market through several Grainger Catalogs. These items are supplied to us by hundreds of manufacturers and include tools, lighting, pneumatics, storage equipment, material handling, safety items, cleaning supplies, motors, electrical products, plumbing supplies, and more.

To become a Grainger supplier:

Send the history and capabilities of your company to:  
Supplier Diversity Manager - K401

W.W. Grainger, Inc.  
333 Knightsbridge Pkwy  
Lincolnshire, IL 60069

- Your information will be reviewed and entered into a supplier data base that procurement personnel throughout Grainger can access.
- As procurement opportunities arise for products or services our database is searched for suppliers that can meet our needs. Contact will be made to your company and possibly a site visit.
- After assessing your company, Grainger determines if your company can meet our overall expectations.
- A business relationship is established.

## THE WALT DISNEY COMPANY: A World of Opportunities

The procurement needs of The Walt Disney Company are of epic proportions...and expanding. For example, the day-to-day operation and ongoing growth of DISNEYLAND Park® and the WALT DISNEY WORLD® Resort, represent bountiful opportunities for minority and women-owned businesses (MWBEs) in construction and building trades, wholesale merchandise, commodities, and professional services.

"Encouraging diversity in all aspects of our business means a continuous search for firms to help us expand our MWBE participation," said Beverly Cole, Director of the Minority and Women Business Enterprises program of The Walt Disney Company. "This pursuit takes us to trade shows, economic development events, and related community affairs. It has led us to develop special internship programs, partner with others in the entertainment industry, and support minority and women civic and business associations," she added.

To expand MWBE participation in its retail merchandise area, Disney recently held a trade show at the WALT DISNEY WORLD® Resort which brought MWBE merchandise wholesalers and manufacturers face-to-face with Disney buyers.

"The trade show represents an evolution in our MWBE program," said Tom Flewellyn, Director of Minority Business Relations at the WALT DISNEY WORLD® Resort. "Over the past few years we have streamlined our qualifying processes; established financial, business and mentoring support programs for MWBEs; taken our program into the community; and hosted or participated in MWBE-related events such as the annual Black Enterprise/NationsBank Entrepreneurial Conference.

For further information on diversity procurement opportunities at the WALT DISNEY WORLD® Resort, write to: Minority Business Relations Office, Ref. Code: BE698, P.O. Box 10,000-1000, Lake Buena Vista, FL 32830. For opportunities at all other Disney entities, write to: The Walt Disney Company, MWBE Program, Ref. Code: BE698, 500 S. Buena Vista Street, Burbank, CA 91521-7270. Visit our website: [www.disney.com](http://www.disney.com).



## SIGN OF THE TIMES.

For generations, Shoney's, Inc. has led the restaurant industry in creative dining concepts for our customers. Today, our company is serving even greater opportunity to anyone with the motivation and determination to achieve. Some call it a sign of the times. We call it the sign of success.

**SHONEY'S**  
Inc.



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MINORITY BUSINESS DEVELOPMENT AGENCY

**SBA**  
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Empowering America's Entrepreneurs

# Motivation

Your guide to maximizing your most valuable asset—yourself

## PEAK PERFORMANCE

### Assuming the risks

*Do you have what it takes to embrace the uncertainty of entrepreneurship?*

**Y**ou're tired of spinning your wheels at a dead-end job and are ready to take control of your future. You've done the research, saved enough start-up capital and possess the necessary drive to start your own business. There's just one little problem: you hate taking risks.

To you, diving headfirst into uncertain entrepreneurial waters goes against all sound reason. Although you dislike working for someone else, you're reluctant to give up the security a job affords—a regular paycheck, health benefits and a vested pension plan. After all, statistics doom half of all new businesses to failure within four years. How can you beat those odds?

To be an entrepreneur, you must be willing to assume uncertainty and take sensible, calculated risks when necessary. The following tips can help you sharpen your risk-taking skills and get you on your way to self-sufficiency:

#### ■ Master positive visualization.

Most entrepreneurs have the unique, empowering ability to envision the future solely in positive terms. A powerful imagination disregards any self-doubt and makes it virtually impossible not to strive toward stated goals.

"Entrepreneurs use their mind's eye to spur them to action," says Barry



Winston, senior primary therapist at Jersey City Medical Center in New Jersey. "They envision something positive pulling them towards the entrepreneurial path."

Find time to visualize your business goals each day. Bring each step into focus, and imagine yourself succeeding at every stage.

Imagine how you'll feel after accomplishing each task, but more importantly, visualize how you'll feel if you don't. Then, put those feelings to work for you.

■ **Embrace uncertainty.** Free yourself to prepare for worst-case scenarios instead of focusing on potential problems by embracing the possibility of a

bad judgment call or wrong turn. Charles Joseph, president of Charles Joseph Traffic Services Inc. in Rockford, Illinois, knew he had to work twice as hard to support his family when he left his teaching job to try his hand at business.

"I possessed no business acumen whatsoever," admits Joseph. "But, I needed to try to seek the opportunities my education career couldn't afford me," he says. Nearly 25 years later, Joseph's company grosses \$1.8 million a year.

■ **Learn to live outside of your comfort zone.** Seek out people whose opinions differ from yours. Read widely and expand your mental horizons.

■ **Most importantly, work on your self-esteem.** Personal and professional success is directly proportional to self-confidence. "An entrepreneur's ability to generate income is based on

his or her self-esteem," says Winston. "Constructive self-esteem isn't based on what others believe about you; it comes from within."

■ **Make it a point to consistently validate yourself and your abilities.** Celebrate your uniqueness and the perspective it brings you. Choose to take control of your destiny and not to be manipulated by external forces.

—Kirk Charles is a motivational speaker and writer based in Linden, New Jersey

EDITED BY

Robyn D. Clarke

## GUTS & GLORY

# The joy of reading

*Bronx bookseller resolves to spread the love of words in the black community*

It's tough taking the entrepreneurial plunge when those around you predict you'll sink and drown. But Lana Ho-Shing, sole owner and operator of Briscoe-Brown Books—the only major bookstore in the Wakefield area of the Bronx, New York—dived in anyway. Now, she is determined to nurture her “oasis for the mind” into a watering hole that extends beyond the borough's borders.

Ho-Shing, 49, dreamed of owning a bookstore as a teenager. But her idea took on more urgency early in 1995, after she had been downsized twice in three years. “When I lost the second job,” she recalls, “I promised myself it would never happen again.” Two months into a feasibility study for a bookstore in her neighborhood, she began to catch heat from friends.

“I was told I would be making a big mistake,” says Ho-Shing, a widow and mother of a 14-year-old son, Matthew. “They thought my idea was too risky.” Critics said her predominantly black community wasn't interested in books. But Ho-Shing, an avid reader, knew others also disliked traveling long distances to buy reading material. Once a local bookstore became available, her neighbors would read more, she reasoned.

Ho-Shing, a former owner of a graphic arts company in her native

Jamaica, completed her research and business plan in eight months. She believed her marketing background and previous business experience would help her clear the funding hurdle that hinders many entrepre-



**Downsizing prompted Lana Ho-Shing to start her own business**

neurs. She was wrong. “I couldn't even get an appointment with the loan officers because I was looking for start-up capital. The banks were funding only established businesses.”

Undaunted, she looked into her own purse. She drained her life savings, about \$60,000, and added another \$40,000 in liquidated assets. A few months later, in December 1995, the bookstore opened its doors.

Named after Ho-Shing's maternal grandparents, Briscoe-Brown offers a multicultural mix of books in a variety of categories, with roughly a third of

total sales coming from special orders and children's books. The store works with notable book distributors such as Nashville, Tennessee-based Ingram Book Co. and Baltimore-based African World Books. It also hosts a reading group and book signings, which have included those of the Rev. Al Sharpton and co-authors Virginia DeBerry and Donna Grant.

Despite a good reception from the community, Briscoe-Brown's financial picture remains lukewarm. “There is only a 2% profit margin for independent bookstores,” says Ho-Shing, an American Booksellers Association member.

Briscoe-Brown's first-year sales totaled \$38,490 in 1996 and barely rose last year to \$39,477. As a result, Ho-Shing has re-prioritized her personal spending habits, and puts any additional funds back into the business. She now sticks to a rigid budget including nothing but the bare necessities—rent, food and her son's school tuition.

This year will be a key hurdle for Ho-Shing. She's increasing the store's visibility in neighboring communities by co-sponsoring events with other local businesses. “Part of my dream is to have a chain of Briscoe-Brown Books,” she says. “I'm committed to getting to the other side of the river.”

—Denolyn Carroll



**B.E.'s SUCCESSPERT SPEAKS:** “Your dreams are the seeds for your success,” says Willie Jolley, president of Inspiritment Plus, a motivational company in Washington, D.C. ([www.williejolley.com](http://www.williejolley.com)). “Briscoe-Brown became a reality because Ho-Shing refused to let others kill hers.” Jolley offers more tips:

- **Seize the day—one step at a time.** Take small steps to get your business off the ground. They may get you to your destination more slowly, but they'll still get you there.
- **Embrace the struggle.** Ho-Shing understands that nothing great is achieved without toil and sacrifice. Success will be that much sweeter if you can hang on and endure the hardships.



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## SALES PITCH

### Crafting a sound bite

*You're four steps closer to leaving a memorable impression*

**Y**ou know the old adage by heart: you have only one chance to make a good first impression. But at a networking function, you also have only a limited amount of time to make that impression a memorable one. Thus, it's important to have a catchy sound bite or tag line—something in your introduction that will help people remember you and your business or company.

"A defining statement can have a major impact on your business," says Veronica Holcomb, founder and CEO of VJ Holcomb Associates, an executive development and training firm in New York. "Revealing just enough information makes people curious and stimulates conversation," she says. The following tips can help you create an unforgettable sound bite:

■ **Clearly define yourself.** You should be able to tell people about yourself or the service you provide in

20 words or less. Keep your statement simple and focused. For instance, say, "I work with leaders who want to increase their impact and organizations that care about their people," suggests Holcomb. It's more engaging than merely stating you are a business consultant.

■ **Say the unexpected.** The message should be brief, but it doesn't necessarily have to be obvious. For example, Nike, one of the world's largest sports apparel companies, didn't mention its product in its old tag line, "Just do it." Don't be afraid to play around with words. You can always change them if they don't work.

■ **Use it often.** Sound bites aren't just for business cocktail mixers. Make yours a significant part of your professional persona. Use it during presentations, leave it on your voice mail and print it on your business cards and stationery. The fact that people will associate you with it may result in more business for you.

■ **Update it regularly.** Sound bites tend to get stale quickly due to repeated use. They should always reflect your current mission, so be prepared to freshen them up as needed. Look to new sources for ideas and be creative. Also, don't be afraid to check out how your competitors develop and use theirs.

—**Iris Randall is an organizational management consultant based in Danbury, Connecticut**

## BOTTOM LINES

*"Money doesn't equal success; it's only a by-product of it."*



—**Cheryl D. Broussard, CEO of Broussard & Douglas Inc., a financial advisory firm in Palo Alto, California**

## WORDS TO STRIVE BY

### Keeping the faith

*Look inward and renew your sense of self*

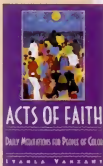
If you're seeking relief from the stress of professional and everyday life, consider the counsel of *Acts of Faith: Daily Meditations for People of Color* by Iyanla Vanzant. It doesn't offer specific career advice, but the book's lessons on perseverance and self-examination are easily applicable to the business world.

To start, *Acts of Faith* suggests it's impossible to form loving, productive bonds with others without first acknowledging and "honoring the Divine within." When this principle is neglected, focus is lost and artificial things are sought to fill the void, which provide only temporary happiness. Vanzant believes stress results when there is an imbalance in our relationship with ourselves, the world and our finances.

Instead, readers are encouraged to take responsibility for creating their own path to success. Vanzant says we can improve our social condition if we let go of negative forces and stop playing the blame game. Although we should avoid seeking comfort in material things, we should accept prosperity as a gift. Above all, *Acts of Faith* reminds us we'll never be satisfied with what we attain until we appreciate what we already have.

—**Kim Ford**

*Acts of Faith: Daily Meditations for People of Color*, by Iyanla Vanzant, Fireside; \$11. To order, call Books Now! at 800-BOOKS-NOW or visit [www.BooksNow.com/BlackEnterprise](http://www.BooksNow.com/BlackEnterprise)





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## GUTS & GLORY

# Milking the cash cow

*L.A. entrepreneur persevered to head the nation's only black-owned dairy*

**K**evin Copeland's got milk—330,000 gallons a day to be exact. President and CEO of Los Angeles-based Copeland Beverage Group Inc. (CBG), Copeland is responsible for the day-to-day operations of the largest fluid milk processing facility west of the Mississippi. But it took three business failures and harrowing financial problems for his entrepreneurial dream to come true.

"I learned my business ethic at home," says Copeland, 38. He and four siblings grew up watching their single mother struggle to make the transition from welfare to work. "She showed us perseverance and hard work will pay off, no matter what."

After graduating from high school in 1978, Copeland went to work at a local Dr. Pepper bottler. Three years later, he and two friends put up \$20,000 to start their own soft-drink enterprise, AmeriCola. But competition proved stiff, and he sold his interest in the firm in 1985. The next four years resulted in two more unsuccessful startups, a celebrity promotional business and a seltzer water company.

By 1990, Copeland was struggling to support his wife, Monica, and their seven children. "I was beginning to feel that the American dream of business ownership was just a myth," he says. "But, Monica encouraged me to stay the course."

Inspired by reconstruction efforts after the 1992 L.A. uprising, Copeland revamped his business goals to include a commitment to community growth. He decided to try soft-drink processing again, and formed CBG. Around the

dollar deal, but needed financing to make it work. "I applied to more than 50 financial institutions," he recalls. "But, I was rejected by each and every one of them."

Meanwhile, his family had to go on welfare. "We had no health benefits, and Monica was pregnant with our eighth child," says Copeland, who also lost his mother and two siblings during that period. In 1995, they were evicted from their home. "I was separated from my family for almost a year."

In late 1995, Copeland pitched his plan—which would save about 125 union jobs and keep a tax-paying business in L.A.—to the L.A. Community Development Bank. The bank's \$6 million loan agreement helped him secure another \$2.5 million from GE Capital, a commercial equipment financing company.

Last June, CBG assumed the lease, assets and national distribution rights of Santee Dairies Inc., and brought in \$400,000 in sales in only six months. Clients such as Baskin-Robbins, Arco's AM/PM Mini Markets and Flagstar Corp. have contributed to a projected \$38 million in contracts for 1998.

"This experience has strengthened my children's faith in entrepreneurship and shown them they can accomplish anything if they just refuse to quit."

—Robyn D. Clarke



Copeland succeeded on his fourth try

same time, Hughes and Stater Bros. Markets were looking for a prospective buyer to take over the lease of Santee Dairies Inc.

Copeland approached the co-owners about the Santee facility, a 19-acre site containing 336,000 sq. ft. of building space and processing equipment. "Even though I was thinking of a soft-drink plant, they said they would leave \$30 million in business on site if I stayed in the dairy business," he says. He took the offer and structured a multimillion-



**B.E.'s SUCCESSPERT SPEAKS:** "Copeland shows it's possible to win in business, even if you've been counted out several times before," says Dennis P. Kimbro, Ph.D., a consultant and best-selling author. Here's more advice from Kimbro:

- **Welcome failure.** Those who make the cut know that failure is an opportunity to gain valuable experience.
- **Include SWOT analysis in your research.** Before jumping into any business venture, identify the strengths, weaknesses, opportunities and threats of your potential product and industry.
- **Don't get caught up in what others may think or say.** Maintain your focus on what you're working to accomplish.



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MOUNTAIN, AND THE  
COMMITMENT TO HELP  
OTHERS REACH THE  
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## CONSUMERS AND INSURANCE

# How the unemployed stay insured

*Find out how health coverage could be lost if you retire or lose your job*

It's never too early to find out exactly what kind of health insurance coverage you have and how it can be affected through a job change or retirement. Unfortunately, most people don't take precautions until they are forced to do so.

In 1988, Arnold Jackson,\* a 60-year-old resident of Washington State, saw his health benefits disappear when his employer, an insurance firm, was phased out. When his wife's insurance company took away the spouse option on her plan, he bought an individual plan for himself from BlueCross/BlueShield. In 1993, at age 65, he qualified for Medicare and bought a Medigap policy, which was cost effective but did not cover his prescriptions. Jackson has since switched from the Medigap policy to an HMO at a cost of \$39 per month, has retained his Medicare coverage and pays \$150 per month separately for prescriptions, since his HMO does not provide prescription drug coverage.

"Get all the information about your health coverage before you need it," warns Richard Coorsh, spokesperson for the Health Insurance Association of America in Washington, D.C. Today, many Americans are opting for early retirement and need to make timely plans for continuous postretirement coverage. Coorsh urges employees to contact their benefits manager to clarify the details as soon as possible. Since you probably wouldn't become eligible for Medicare coverage before age 65, look into con-

tinuing on your employer's plan, extending your coverage under COBRA, getting coverage under your spouse's plan or taking advantage of the alternatives in individual or other group plans.

families, yet most simply cannot afford to pay. Recent research sponsored by the Commonwealth Fund indicates that in 1996, annual premiums for single-person coverage averaged \$2,099 nationally, while premiums for family coverage averaged \$5,188.

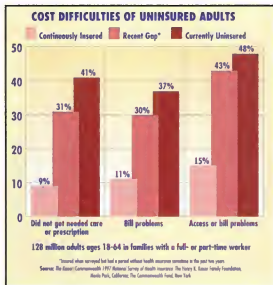
The key is to lock into continuous, affordable health coverage.

For the recently uninsured, there are, however, several cushions in place. Since 1986, COBRA benefits have come to the aid of individuals who have lost or changed their jobs. Through COBRA, you can continue to receive benefits from your former employer's plan by buying group coverage for yourself for a limited period, usually 18 months.

You may also look into coverage under a new health plan. In the past, individuals applying for coverage under a new plan have met restrictions based on pre-existing medical conditions. However, the Health Insurance Portability and Accountability Act of 1996 seeks to better regulate pre-existing condition exclusions, thus helping to facilitate job changes without serious implications for health coverage.

For those retiring at age 65, Medicare is initially seen as the cure-all for continued coverage after retirement. But it does not cover all the services you may need. Gaps in Medicare coverage, however, can be filled in through Medicare supplements called Medigap policies. These offer a range of 10 standard supplement plans, which vary in the type and amount of

\* not his real name



Although Jackson had the rug pulled from under him, he was able to regroup because he knew his alternatives. Most people, however, don't. "Consumers are lulled into the subculture of 'My company will pay,'" says Joan Lewis, assistant deputy insurance commissioner and the director of Statewide Health Insurance Benefits Advisors in Olympia, Washington. "If the company has been covering them for years, they're not aware of the cost of health insurance when they're on their own."

In the face of escalating medical costs, health benefits are no longer a privilege, but a basic necessity. According to the Kaiser/Commonwealth 1997 National Survey of Health Insurance, 52 million adults ages 18-64 are currently uninsured or have a recent gap in health coverage. The majority are part of working

Consumers  
Part 7 of a Series  
& Insurance

EDITED BY

Valerie Lynn Gray

CONTINUED

coverage for expenses not covered by Medicare. Those expenses may include home recovery costs, a medical emergency in a foreign country or preventive medical care. "Buy the most comprehensive one you can afford," Jackson suggests, "because you never know how your needs may change." (The monthly premium for Medicare last year was \$187 for consumers that had at least 30, but fewer than 40, quarters of Medicare-covered employment.)

Membership in a Medicare-contracted managed care plan, such as an HMO, provides another option. It might still be possible to continue health coverage under your or your spouse's current employer or through membership in an organization or union. You may also qualify for state assistance to pay some of

your Medicare costs, or for full Medicaid benefits.

With more people living longer today, another type of coverage exists that is critical, yet too often overlooked: long-term care. This involves medical and social services provided to people with chronic or prolonged illnesses or disabilities. Private insurance and Medicare may not adequately cover these costs. It is best to purchase long-term care insurance at an early age since the cost rises as you get older.

Finally, when you start a new job, be sure to confer with human resources about your employee-related health plan. Here are some of the points you should have clarified: How much does the plan cost per month? To what extent are you covered? Does it meet your needs? What are the deductibles or co-payment/coinsurance? Is there

an out-of-pocket limit? How will it be affected if you are terminated or change your job? Does the plan continue after retirement? Does it cover your spouse or other dependents?

Compare the costs and alternatives of the different types of policies. Healthcare laws vary dramatically from state to state, so find out about the regulations governing your plan and keep abreast of the changes in the laws.

For more information, contact the Health Insurance Association of America at 202-824-1600. Visit the association's Web site at [www.hiaa.org](http://www.hiaa.org). You can also contact your state's insurance commission office.

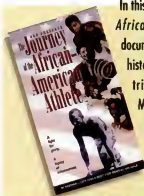
—Denolyn Carroll

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VIDEO REVIEW

## Recording the black athlete

HBO chronicles progress of sports figures



In this 119-minute video, *The Journey of the African American Athlete*, HBO Sports documents some of the most memorable and historical moments in sports history. The triumphs of athletes Joe Louis, Muhammad Ali, Jackie Robinson, Althea Gibson, Wilma Rudolph, Arthur Ashe, Julius "Dr. J." Erving, Jackie Joyner Kersee, Michael Jordan and others are chronicled in this compelling

documentary that includes rare footage and modern-day interviews mindfully woven into the plight of blacks in the United States. The story debuted on HBO last summer, and became available for rental in video stores early this year. The video will be on sale in English and Spanish starting this month. Available in VHS Hi-Fi Dolby Stereo. To order, call 800-367-7765. The cost is \$19.98.

—Valerie Lynn Gray

INTERNET REVIEW

## www.octobergallery.com

Site allows consumers to buy black art online

Art lovers will find a haven in an innovative site created by the October Gallery (68 N. Second St., 215-629-3939), a 13-year-old showroom in Philadelphia that features Fine Art and each December produces the Philadelphia Art Expo, a venue for showcasing black art. On the site, view artwork and get historical insight on renowned black artists Jacob Lawrence, Romare Bearden, Annie Lee, Charles Bibbs, LaShun Beal, Andrew Turner, Ted Ellis, Cal Mossey, and others. Each month, you'll find different artist profiles that include biographical data.

If you find an original, etching, serigraph or lithograph that you want to purchase, you can buy the artwork online either by credit card or C.O.D. Prints sell for as little as \$10; other pieces of art can cost hundreds, even thousands of dollars. Before making a purchase, you may want to brush up on the basics of art collecting under "Facts and Fundamentals" on the site. There, you'll find definitions of art terms such as "wood block" and "serigraph." An added feature: You can also buy books by clicking on October Gallery's recommended book list, set up in conjunction with Amazon books ([www.amazon.com](http://www.amazon.com)). Use one of the many search engines available via the Internet to find other sites related to black art. See "Seek and Ye Shall Find," Techwatch, this issue.

—V.L.G.

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CONSUMER NEWS

# Car of the future

*Vehicle developed by the Big Three promises safety, savings and style*

Imagine a mid-sized family sedan as roomy as a Ford Taurus, but weighing less than a compact Ford Aspire. You can drive up to 80 miles on one gallon of gas—nearly triple the mpg of a Honda Accord. And, the finish on this environmentally friendly car is much like the powder clear-coat on upscale Harley Davidson motorcycles, more durable and highly resistant to stone chipping.

Those are highlights of the car of the future, which promises to deliver the pep, performance and style

American car buyers crave. What's the bottom line for consumers? Simply put, the Big Three U.S. auto giants are pooling resources to accelerate development of just such an affordable, fuel-efficient, lightweight, family sedan with the high-tech components previously exclusive to the aerospace and defense industries.

"This will not be a weekend-garage type of thing," says Keith O. Carson, a former manufacturing consultant at Ford. "We are looking at a highly technological 300-volt system."

That's a lot to deliver, and the deadline is rapidly approaching. In the year 2000, the Partnership for a New Generation of Vehicles (PNGV)—a broad research effort including Chrysler, Ford, General Motors and 400 U.S. automotive and technological projects—will introduce the technology for the concept vehicle, which is expected to be as revolutionary as the first "horseless carriage" was 102 years ago.

"The whole effort of PNGV is comparable to our race to the moon in terms of the coordinated effort," says Roy Collins III, staff counsel of commercial affairs at Chrysler, and one of several African Americans working with Carson on this collective project. PNGV was founded in 1993, a year after the Big Three formed the United States Council for Automotive Research (USCAR). Its goal is to strengthen the technology base of the domestic auto industry.

How can consumers benefit? Car buyers naturally want to siphon as much mileage from a tank of gas as possible. One way to increase fuel efficiency is to reduce the vehicle's overall weight by using other materials in addition to steel. Gil Chapman, an advanced materials consultant at Chrysler, says, "This could be a true composite car—using steel, aluminum and fiberglass reinforced plastic."

More importantly, Chapman says car buyers won't have to sacrifice vehicle safety in exchange for a lighter-weight,

more fuel-efficient car. In fact, under the USCAR umbrella, the three U.S. auto companies established a program to develop collision-avoidance technologies. "Customers are much more informed now," Chapman explains. "If a vehicle does not have the roadworthiness and safety, it won't sell."

In addition, drivers don't want to give up power and performance—if

a car can't accelerate to merge onto fast-paced highways, it will never be produced. The future car will accelerate from

zero to 60 mph in 12 seconds or less—comparable to today's mid-size family sedan. However, the traditional fossil fuel method of powering vehicles and the standard acid-battery energy storage system may meet the same fate as the dinosaur. Still, while alternative technologies show a lot of promise—like jet-propulsion systems—automakers still must meet customer expectations.

Appearance is equally important. Gary Christian, senior specialist at Chrysler, and his crew are developing a more environmentally friendly powder clear-coat paint finish that is superior to the current water-base systems in many ways. This more durable finish is used on Harley Davidson motorcycles. "It's a totally new process for automobiles," says Christian.

—Jacqueline D. Mitchell



Roy Collins III, Gil Chapman and Gary Christian's expertise helped build PNGV's prototype



USCAR welcomes suggestions for the future car. Visit its Web site at [www.uscar.org](http://www.uscar.org). (See the "1998 BLACK ENTERPRISE Spring Auto Guide," in April, for new car reviews.)

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TRAVEL NEWS

# Vacation home exchanges

*How to cut your travel expenses by staying in someone's home*

**T**ravelers can considerably reduce vacation expenses by trying out a home exchange. Trade your home or apartment with someone else at your destination: you stay at their home, and they stay at yours. Not only can you cut out the hotel bill, you can save money by eating in. Here's how it works: Join one of the various home-exchange programs by placing an ad similar to a real estate listing. Give details about your home and your vacation plans, such as your destination, travel dates and how many you are traveling with, then interested members will call you directly.

Consider the following points before you sign up:

- How old is the home exchange company? Don't experiment with start-up companies, which may not be as reputable.
- How many clients do they have? The more satisfied customers, the better.
- Find references. Ask to speak with someone who has previously used the home you're interested in.
- How safe is the surrounding area? Call the local police department to ask about crime rates.
- How secure is the home itself? Find out if there's an alarm system, and ask the owners if they've had break-ins.
- Where is the home located? Find out if it's near any

places of interest for out-of-town travelers, and the distance to hospitals, food stores and local transportation.

- Protect your valuables. Lock up or store precious items. Leave a bureau and some shelves open for guests to use. You can also draw up a rental contract that covers theft or damage to your property. In general, however, most homeowner's policies cover such damages. If you're worried about the upkeep of your home, ask for a housekeeping fee.

Intervac U.S. (800-756-HOME), the oldest (since 1953) and largest home exchange company, charges \$78 per listing in its book, which is published five times a year. (Place a photo for an additional \$15.) Intervac is available in 30 countries, including France, Great Britain, South Africa and the Caribbean.

HomeLink (formerly Vacation

Exchange Club, 800-638-3841) offers a similar service for \$88 a year, plus \$18 for photo placements. The listings are also on the Web at [www.swapnow.com](http://www.swapnow.com). Nonmembers can glance at the Web listings, though contact information isn't accessible. HomeLink has 15,000 listings a year and offers the service internationally.

One drawback: Such rentals are inflexible. Once you agree to an exchange, you must stick to the terms. Since these firms are not monitored by a professional organization, check with the Better Business Bureau.

—Ann Brown



MATT COLLINS

## NEW AREA CODES FOR THE CARIBBEAN

Many Caribbean islands have recently replaced, or are now replacing, the 809 area code with an individual country code.

| Location        | New Area Code | Date    | Location               | New Area Code | Date     |
|-----------------|---------------|---------|------------------------|---------------|----------|
| Bermuda         | 441           | 9/30/96 | Anguilla               | 264           | 9/30/97  |
| St. Lucia       | 758           | 1/1/97  | Jamaica                | 876           | 11/1/97  |
| Barbados        | 246           | 1/15/97 | Trinidad & Tobago      | 868           | 5/31/98  |
| Puerto Rico     | 787           | 1/31/97 | Turks & Caicos         | 649           | 6/30/98  |
| Antigua/Barbuda | 268           | 3/31/97 | U.S. Virgin Islands    | 340           | 6/30/98  |
| Bahamas         | 242           | 3/31/97 | British Virgin Islands | 284           | 9/30/98  |
| St. Kitts/Nevis | 869           | 3/31/97 | Dominica               | 767           | 9/30/98  |
| Montserrat      | 664           | 6/1/97  | Grenada                | 473           | 10/31/98 |
| Cayman Islands  | 345           | 8/31/97 | St. Vincent/Grenadines | 784           | TBA      |

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**T**he U.S. Department of Agriculture, through the Rural Business-Cooperative Service (RBS), has been a well kept secret for many years. Today, the veil of secrecy has been lifted and we are actively involved all over America in assisting all kinds of businesses develop, grow and, expand, particularly those located in America's rural communities.

Through our resources, RBS enhances access to capital for business ventures with up to \$25 million loan guarantees for enterprises located principally in rural communities. A new venture capital program is currently under development that will make equity capital available for rural businesses requiring patient capital rather than debt financing. The 1996 Farm Bill, assures cooperatives access to capital through the Cooperative Stock Purchase program, whereby equity building through stock purchases by individual cooperative members will become a part of our guarantee program.

RBS has established strategic alliances with corporate America and the Historically Black Colleges and Universities including the 1890 Land Grant Institutions. Through these strategic alliances, we are poised to expand the availability of the latest information, technology and access to capital to emerging businesses owned by minority and women entrepreneurs. Our corporate partners are providing opportunities for business ownerships through franchising, an educational opportunities to build companies that supply products and services. RBS outreach to women entrepreneurs is helping to create economically sustainable women owned businesses engaged in domestic as well as international markets. The RBS cooperative service program provides technical assistance and research to help rural residents form new cooperatives and improve the business and production capabilities of existing cooperatives.

We are proud of our accomplishments. Through the RBS Business and Industry (B&I) loan guarantee program, we have assisted businesses such as Premier Circuits Inc., a North Carolina manufacturer of Fiber Optic Cables; Meredith Farms, a poultry processing firm in New Jersey; and Powell Steel, a steel manufacturing firm in Lancaster, Pennsylvania. These are some of America's new minority entrepreneurs. RBS has provided financial guarantees for business development efforts in rural America in such industries as: real estate acquisition and development, ship building, manufacturing, energy, transportation, telecommunications, utilities, environmental remediation, technology commercialization and others.

The legacy of agriculture—advanced by the many significant contributions of agricultural pioneers such as; George Washington Carver and Booker T. Washington—has been the economic cornerstone of rural communities throughout the world and across this great country. While this remains so today, RBS is leading the charge to diversify rural economies by financing new rural industries, many owned by minority and women entrepreneurs.

The reality of the continued contributions of Rural America to the American economy in the next millennium is assured through the continued partnership of RBS, our financial community and the residents of rural communities throughout America. The future of all business—rural and urban—is bigger and brighter because agriculture encompasses the world.

Contact Dayton J. Watkins, Administrator, Rural Business-Cooperative Service at (202) 690-4730 or your local USDA Rural Development office for more information on agriculture business programs. The Rural Business-Cooperative Service Internet address is: [HTTP://www.rurdev.usda.gov](http://www.rurdev.usda.gov)

**TRAVEL LOG**

**DATeline... DATeline... DATeline... DATeline... DATeline**



**St. Kitts festival**

The Windy City gets the spirit with the Chicago Gospel Festival, June 12-14 at Grant Park on the Lakefront (Jackson Ave. and Columbus Dr.). This year's lineup includes Shirley Caesar, Fred Hammond and Kurt Carr. Admission is free. Call 312-744-3315 for a brochure or log onto [www.ci.chi.il.us/wm/specialevents...](http://www.ci.chi.il.us/wm/specialevents...) The African American recognition of the abolition of slavery in Texas has grown nationwide, and this year Juneteenth celebrations abound. In San Antonio, where Juneteenth is a month-long observance, highlights include a Juneteenth Film Festival at St. Philip's College (June 19-20) and the Music Festival at the Carver Community Cultural Center (June 20). For a schedule of events, call 800-447-3372. In Milwaukee, there's a street festival on June 19, 9 a.m.-6 p.m. on MLK Drive between Center and Burleigh streets. A Freedom Ball follows on June 20 at the Milwaukee Public Museum (800 W. Wells St.). Tickets are \$20 and the dress is formal African garb. For information, call 414-372-3770... Grab that sunscreen and head to St. Kitts for its annual Music Festival, June 25-28 at the Ft. Thomas Hotel. There's R&B, soca, reggae and gospel music by local and international entertainers. This year's performers include Hugh Masekela, Maxi Priest and Dennis Brown. Tickets are \$23 nightly. Call 800-582-6208.

**Congress takes issue with airfares**

American Express says that airline ticket prices are expected to rise about 6% this year, an all-time high, jumping nearly 25% in the last two years. Hit the hardest will be business travelers who, unlike leisure travelers, make trips on short notice and can't buy discounted tickets weeks ahead. With planes more crowded these days, short-notice seats are scarce and expensive.



**Rep. Louise Slaughter**

Consumer complaints about higher fares have prompted the Clinton administration and Congress to take action. Rep. Louise Slaughter (D-New York) of Rochester will propose the Airline Competition and Lower Fares Act in the coming session. It calls for increased competition, which should bring about lower fares. Four similar bills have already been introduced. The airlines, which haven't officially commented, argue that business fares are higher because of short-notice booking and the increased service in that class.

Business flyers who want to save on airfares can do the following: ask your travel manager to negotiate corporate discounts with carriers, which can include reduced fares or restriction waivers (like eliminating Saturday night stays); book flights early, at least 15 days prior to travel; choose coach instead of business or first class; use frequent-flyer programs; or take a connecting (not a nonstop) flight.

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**Black museums worth a summer visit**

Across the country, more museums are focusing on African American culture. The National Voting Rights Museum (1012 Water Ave., Selma, AL; 334-418-0800) pays homage to the struggle for voting rights by blacks and women in the U.S. The museum is divided into variously themed rooms, such as the Memorial Room, which honors those who lost their lives in the voting struggle; the "I Was There" wall, which features narratives of those who participated in Bloody Sunday; and the Suffrage Room, which recalls the voting rights struggle of women. The museum debuted in 1993 and is open Tuesday-Friday, 9 a.m.-5 p.m.; Saturday, 10 a.m.-3 p.m.; and Sunday by appointment. Admission is \$4 for adults, \$2 for students.



**The Negro Leagues Baseball Museum**

From the late 19th century to the 1940s, black baseball players were not allowed to play in organized baseball with white players. Instead they built the Negro Leagues, which at one point had more than 2,600 athletes. The Negro Leagues Baseball Museum (1616 E. 18th St., Kansas City, MO; 888-221-6526) tells the athletes' history. Launched in 1990, the museum moved to larger facilities in November 1997. It features photos, memorabilia, narratives and exhibits, which change periodically. Admission is \$6 for adults, \$2.50 for children ages five to 12.

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—Ann Brown

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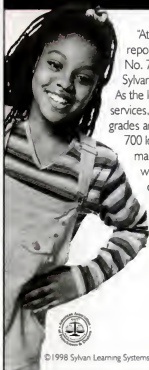
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## NETWORKING

### Working the crowd

*Events can lead to big deals if you know how to connect*

**A**frican American business owners in search of prime networking opportunities are finding them at Black Enterprise events. Every year, thousands of black entrepreneurs convene at these venues to explore, learn, relax and, most of all, make connections.

The payoffs are real. Just ask Bill Hammond, president of Los Angeles-based Hammond Entertainment Inc., who tapped into a deals pipeline at the 1997 Black Enterprise/Pepsi Golf & Tennis Challenge. "This was the best forum for an African American professional that I have ever been to. You have decision makers who can make six- to seven-figure deals."

As the entertainment consultant for the theme evening events, Hammond was introduced to John Utendahl, president and CEO of Utendahl Capital Partners, during the opening reception. A subsequent meeting in New York City led Hammond to a contract to work on the sixth annual Booker Open, a golf event sponsored by Utendahl.

If you're still not convinced about the merits of these types of business events, just talk to Brett Savage, manager of specialty markets for the U.S. Postal Service, a sponsor of the Black Enterprise/NationsBank Entrepreneurs Conference. At that event in 1997, Porter Ragsdale, president of Atlanta-based Public Broadcasting Consultants Inc., was introduced to Savage after speaking to a representative at the U.S. Postal Service booth.

The Postal Service was searching out radio and TV programming targeting the

African American community in order to better target black colleges. At the same time, Ragsdale needed sponsors for a program being put together to support black college stations.

Whether by sheer luck or being in the right place at the right time, Ragsdale was prepared for such an encounter. He



**Events can turn up prime opportunities for participants**

brought a full proposal with him to the Entrepreneurs Conference. That helped. "He would not have gotten the same level of attention if he had gone the route of forwarding a proposal directly to the agency," says Savage, who is bombarded with proposals every day. Proposals that come in that way are routed through the agency for review.

Business networking events are important to entrepreneurs because as Savage puts it, "Those types of opportunities allow a face-to-face discussion of our objectives to identify possible partners and make an assessment about whether their business can meet our objectives. We don't get that opportunity frequently with African Americans."

"I go to attract quality vendors," says Savage, "That's why the B.E. Entrepreneurs Conference is the only business conference for African Americans we sponsor."

Meanwhile, deals are still flowing Hammond's way. He met Ken Chenaault, president of American Express, who participated in Utendahl's golf event. Chenaault hired him to plan a May 1998 meeting of "130 of American Express' top executives from around the world." As a result of that project, another opportunity is being hammered out.

—Dorett Smith



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# Postscript

*Final notes to keep you informed, prepared and connected*

## OUR NEXT ORDER OF BUSINESS

### Consumers in charge

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to thoroughly clean up your credit report.

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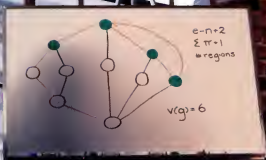
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